



# National Electric Power Regulatory Authority Islamic Republic of Pakistan

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Web: www.nepra.org.pk, E-mail: registrar@nepra.org.pk

## Registrar

No. NEPRA/ADG(Tariff)/TRF-605/ 2448-52

March 14, 2024

Subject: **Determination of the Authority in the matter of Petition filed by Faisalabad Electric Supply Company Limited (FESCO) for Determination of Supply Tariff Under MYT Regime for the FY 2023-24 to FY 2027-28 [Case # NEPRA/TRF-605]**

Dear Sir,

Please find enclosed herewith the subject Decision of the Authority along with Annexure-I, I-A, II, III, IV and V (total 53 pages).

2. The Decision is being intimated to the Federal Government for the purpose of notification in the official Gazette pursuant to Section 31(7) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 within 30 days from the intimation of this Decision. In the event the Federal Government fails to notify the subject tariff Decision or refer the matter to the Authority for reconsideration, within the time period specified in Section 31(7), then the Authority shall notify the same in the official Gazette pursuant to Section 31(7) of NEPRA Act.

Enclosure: As above

  
(Engr. Mazhar Iqbal Ranjha)  


Secretary,  
Ministry of Energy (Power Division),  
'A' Block, Pak Secretariat,  
Islamabad

## CC:

1. Secretary, Cabinet Division, Cabinet Secretariat, Islamabad
2. Secretary, Ministry of Finance, 'Q' Block, Pak Secretariat, Islamabad
3. Chief Executive Officer, Central Power Purchasing Agency Guarantee Limited (CPPA-G), Shaheen Plaza, 73-West, Fazl-e-Haq Road, Islamabad
4. Chief Executive Officer, Faisalabad Electric Supply Company Limited (FESCO), FESCO Headquarter, Abdullah Pur, Faisalabad



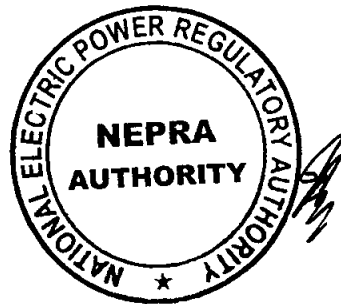
**National Electric Power Regulatory Authority  
(NEPRA)**

PETITION NO: NEPRA/TRF-605/FESCO-2023

**DETERMINATION OF SUPPLY TARIFF PETITION  
FOR  
FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED (FESCO)  
FOR THE FY 2023-24 – FY 2027-28  
UNDER  
NEPRA TARIFF (STANDARDS AND PROCEDURE) RULES - 1998**

Islamabad

16<sup>th</sup> Mar, 2024

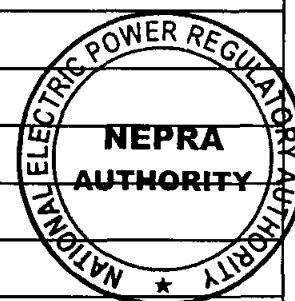


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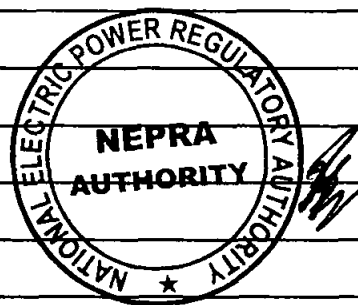
## Abbreviations

CpGenCap	The summation of the capacity cost in respect of all CpGencos for a billing period minus the amount of liquidated damages received during the months
ADB	Asian Development Bank
AMI	Advance Metering Infrastructure
AMR	Automatic Meter Reading
BoD	Board of Director
BTS	Base Transceiver Station
CAPM	Capital Asset Pricing Model
CDP	Common Delivery Point
COSS	Cost of Service Study
CPPA (G)	Central Power Purchasing Agency Guarantee Limited
CTBCM	Competitive Trading Bilateral Contract Market
CWIP	Closing Work in Progress
DIIP	Distribution Company Integrated Investment Plan
DISCO	Distribution Company
DM	Distribution Margin
DOP	Distribution of Power
ELR	Energy Loss Reduction
ERC	Energy Regulatory Commission
ERP	Enterprise resource planning
FCA	Fuel Charges Adjustment
FY	Financial Year
GIS	Geographical Information System
GOP	Government of Pakistan
GWh	Giga Watt Hours
HHU	Hand Held Unit
HT/LT	High Tension/Low Tension
HSD	High Speed Diesel
IGTDP	Integrated Generation Transmission and Distribution Plan
IESCO	Islamabad Electric Supply Company Limited
KIBOR	Karachi Inter Bank Offer Rates





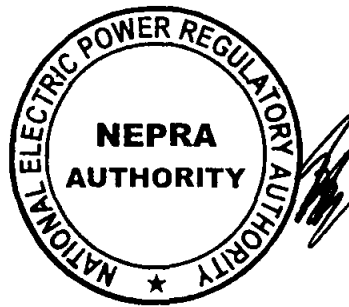
KSE	Karachi Stock Exchange
KV	Kilo Volt
kW	Kilo Watt
kWh	Kilo Watt Hour
LPC	Late Payment Charges
MDI	Maximum Demand Indicator
MMBTU	One million British Thermal Units
MoWP	Ministry of Water and Power
MVA	Mega Volt Amp
MW	Mega Watt
NEPRA	National Electric Power Regulatory Authority
NOC	Network Operation Centre
NTDC	National Transmission & Despatch Company
O&M	Operation and Maintenance
OGRA	Oil and Gas Regulatory Authority
PEPCO	Pakistan Electric Power Company
GEPCO	Gujranwala Electric Power Company Limited
PDEIP	Power Distribution Enhancement Investment Program
PDP	Power Distribution Program
PPA	Power Purchase Agreement
PPAA	Power Procurement Agency Agreement
PPP	Power Purchase Price
PYA	Prior Year Adjustment
R&M	Repair and Maintenance
RAB	Regulatory Asset Base
RE	Rural Electrification
RFO	Residual Fuel Oil
RLNG	Re-gasified Liquefied Natural Gas
RoE	Return on Equity
RORB	Return on Rate Base
ROR	Rate of Return





SBP	State Bank of Pakistan
SOT	Schedule of Tariff
STG	Secondary Transmission Grid
SYT	Single Year Tariff
T&D	Transmission and Distribution
TFC	Term Finance Certificate
TOU	Time of Use
TOR	Term of Reference
TPM	Transfer Price Mechanism
USCF	The fixed charge part of the Use of System Charges in Rs./kW/Month
UOSC	Use of System Charges
WACC	Weighted average cost of capital
WAPDA	Water and Power Development Authority
XWDISCO	Ex-WAPDA Distribution Company

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**DETERMINATION OF THE AUTHORITY IN THE MATTER OF PETITION FILED BY  
FAISALABAD ELECTRIC SUPPLY COMPANY LIMITED (FESCO) FOR DETERMINATION  
OF SUPPLY TARIFF UNDER MYT REGIME FOR THE FY 2023-24 TO FY 2027-28**

CASE NO. NEPRA/TRF-605/FESCO-2023

**PETITIONER**

Faisalabad Electric Supply Company Limited (FESCO), West Canal Road, Abdullahpur,  
Faisalabad.

**INTERVENER**

NIL

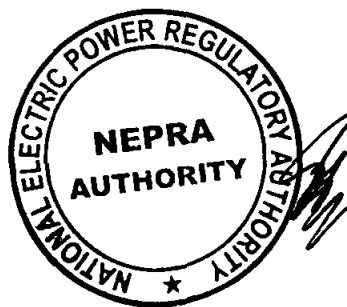
**COMMENTATOR**

NIL

**REPRESENTATION**

Chief Executive Officer and along-with its Technical and Financial team

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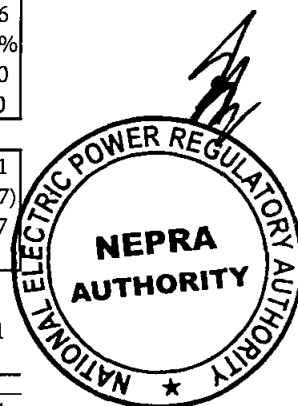




## 1. Background

- 1.1. The amendments in the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 was passed by the National Assembly on 15th March, 2018, which was published in the official Gazette on 30th April 2018 (the "Amendment Act"), resulting in restructuring of the energy sector. One of the fundamental changes as per the amendment Act is the introduction of a competitive retail energy sector, wherein, supply function has been segregated from the distribution license.
- 1.2. As per the amended Act, function of sale of electric power traditionally being performed by the Distribution Licensees has been amended under Section 21(2)(a), whereby 'sale' of electric power has been removed from the scope of 'Distribution Licensee' and transferred to 'Supply Licensee'.
- 1.3. The Section 23(E) of the Act, provides NEPRA with the powers to grant Electric Power Supply License for the supply of electric power. Section 23E(1), however, provided that the holder of a distribution license on the date of coming into effect of the Amendment Act, shall be deemed to hold a license for supply of electric power under this section for a period of five years from such date. Thus, all existing Distribution Licensees were deemed to have Power Supplier Licenses, to ensure distribution licensees earlier performing both the sale and wire functions, can continue to do so. Subsequently, the Authority vide order dated 09.05.2023, granted distribution license to FESCO on a non-exclusive basis for a period of 20 years till May 2043. Similarly, the Petitioner has also been granted, Electric Power Supply License as a Supplier of Last Resort (SoLR) for the supply of electric power within its Service Territory on a non-discriminatory and non-exclusive basis, for a period of 20 years till April 2043 vide order of the Authority dated 27.12.2023.
- 1.4. In view thereof, Faisalabad Electric Supply Company Limited (FESCO), hereinafter called "the Petitioner", being a Distribution as well as a Supplier of Last Resort (SoLR) filed separate tariff petitions for the determination of its Distribution and Supply of Electric Power Tariff under the MYT Regime for a period of five years i.e. from FY 2023-24 to FY 2027-28, in terms of Rule 3 (1) of Tariff Standards & Procedure Rules-1998 (hereinafter referred as "Rules").
- 1.5. The Petitioner, inter alia, has requested following revenue requirement for supply function for the five years period;

Description	Unit	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
<b>Projected</b>						
Units Purchases	GWh	19,423	20,308	21,328	22,385	23,426
T&D Losses	%	8.74%	8.38%	8.03%	7.64%	7.24%
Units to be Sold	GWh	17,725	18,606	19,616	20,675	21,730
Power Purchase Cost	Mln Rs.	419,392	425,721	439,686	456,648	500,200
O&M	Mln Rs.	8,696	10,348	11,336	12,378	13,571
Other Income	Mln Rs.	(1,854)	(1,943)	(1,996)	(1,982)	(1,907)
Supplemental Charges	Mln Rs.	1,854	1,943	1,996	1,982	1,907
Prior Year Adjustments	Mln Rs.	23,158				
<b>Total Revenue Requirement of Supply Business</b>	<b>Mln Rs.</b>	<b>451,246</b>	<b>436,069</b>	<b>451,022</b>	<b>469,026</b>	<b>513,771</b>
<b>Net Average Sale Rate</b>	<b>Rs./kWh</b>	<b>25.46</b>	<b>23.44</b>	<b>22.99</b>	<b>22.69</b>	<b>23.64</b>





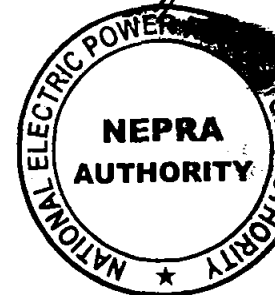
## 2. Proceedings

- 2.1. In terms of rule 4 of the Tariff standard and Procedure Rules, 1998 (hereinafter referred to as "Rules"), the petition was admitted by the Authority. However, considering the fact that the Supply license of the Petitioner as a deemed supplier was valid only till April 2023, the Authority decided to deliberate the term of the MYT period as a separate issue during the hearing. Since the impact of any such adjustments has to be made part of the consumer end tariff, therefore, the Authority, in order to provide an opportunity of hearing to all the concerned and meet the ends of natural justice, decided to conduct a hearing in the matter.
- 2.2. Hearing in the matter was scheduled on August 10, 2023, for which notice of admission / hearing along-with the title and brief description of the petition was published in newspapers on July 26, 2023 and also uploaded on NEPRA website; Individual notices were also issued to stakeholders/ interested parties.

## 3. Issues of Hearing

- 3.1. For the purpose of hearing, and based on the pleadings, following issues were framed to be considered during the hearing and for presenting written as well as oral evidence and arguments;
- Whether the request of Petitioner to allow MYT for a period of five years is justified?
  - Whether FESCO has deposited the required amount in the Post Retirement Benefit fund in line with the amount allowed by the Authority in previous MYT?
  - FESCO to present its Power Purchases Price (Energy & Cost) for the FY 2023-24, keeping in view the Section 32 of NEPRA Act and NEPRA Power Procurement Regulations?
  - Whether the requested O&M cost, Supplemental charges and other Income is justified?
  - What should be the adjustment mechanisms during the MYT? Whether there should any efficiency factor (X Factor)? Whether the salaries, allowance and post-retirement benefits shall linked with GoP increase or otherwise?
  - Whether the request of the Petitioner for replacement hiring, Additional hiring and creation of divisions/sub-division is justified?
  - Whether the requested PYA, is justified?
  - Whether the existing Tariff Terms and Conditions needs to be modified (including the request of Cold Storage to charge "B Industrial Supply" Category tariff instead of "A-2 Commercial" category tariff), and keeping in view the amendments in Consumer Service Manual or otherwise?
  - Whether the existing fixed charges applicable to different consumer categories needs to be revised and requires any changes in mechanism for charging of such charges based on Actual MDI or Sanction Load or otherwise? Whether there should any Fixed Charges on consumer's categories who are currently not paying any fixed charges?
  - Whether the concerns raised by the intervener/ commentator if any are justified?
  - Any other issue that may come up during or after the hearing?

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4. Filing Of Objections/ Comments

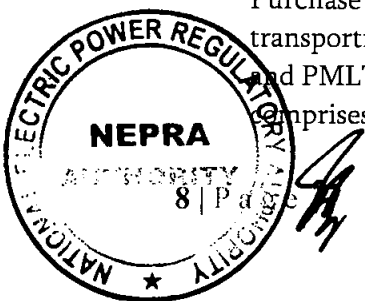
- 4.1. Comments/replies and filing of Intervention Request (IR), if any, were desired from the interested person/ party within 7 days of the publication of notice of admission in terms of Rule 6, 7 & 8 of the Rules.
- 4.2. During the hearing, the Petitioner was represented by its Chief Executive Officer along-with its technical and financial teams; On the basis of pleadings, evidence/record produced and arguments raised during the hearing, issue-wise findings are given as under;

5. Whether the request of Petitioner to allow MYT for a period of five years is justified?

- 5.1. The Authority noted that the Petitioner has filed its MYT Petition for a period of five years i.e. FY 2023-24 to FY 2027-28, however, the Supply license of the Petitioner is valid only till April 2023. In view thereof, the Authority decided to deliberate the matter during the hearing.
- 5.2. The Petitioner submitted that the petition has been filed in accordance with the Rule 3(1) of Part II and Rule 4(7) of NEPRA Tariff Standards and Procedure Rules 1998 and NEPRA Performance Standards (Distribution) Rules 2005. As per Rule 17 (3) (1) of Tariff Rules for recovery of any and all costs prudently incurred to meet the demonstrated needs of their consumers. It also stated that the Authority has directed FESCO to file MYT Tariff Petition for next five year i.e. FY 2023-24 to 2027-28 vide decision in the matter of adjustment/ Indexation of tariff for the FY 2021-22 under MYT regime as per applicable guidelines, rules and procedures. The Petitioner during the hearing submitted that its 5 years Investment Plan has already been approved by the Authority and in line with approved investment plan, tariff control period of 05 years is requested to be considered. Regarding Supply License FESCO submitted that application for supply License has already been filed before the Authority for consideration, therefore, for supply activity, tariff for 05 year may also be granted.
- 5.3. The Authority, observed that at the time of filing of the Petition, the Petitioner's Supply license as a deemed supplier was valid only till April 2023. However, subsequently the Authority vide order dated 27.12.2023, allowed the Petitioner Electric Power Supply License as a Supplier of Last Resort (SoLR) for supply of electric power within its Service Territory on a non-discriminatory and non-exclusive basis, for a period of 20 years till April 2043. Further, the Authority also approved the investment of the Petitioner for a period of five (05) years i.e. from FY 2023-24 till FY 2027-28. In view thereof, the Authority has decided to approve the tariff request of the Petitioner under the MYT tariff regime for a control period of five year i.e. from FY 2023-24 till FY 2027-28. The terms & conditions, given by the Authority, in the Distribution and SoLR license, as modified from time to time, of the Petitioner would be applicable during the MYT control period.

6. FESCO to present its Power Purchases Price (Energy & Cost) for the FY 2023-24, keeping in view the Section 32 of NEPRA Act and NEPRA Power Procurement Regulations?

- 6.1. The Petitioner submitted that it is paying to CPPA-G (or on behalf of CPPA-G) Power Purchase Price (PPP) for the electricity it procures, including a transmission charge for transporting electricity across the transmission network owned and operated by NTDC and PMLTC along with the Market Operator Fee (MoF) of CPPA-G. The total cost of power comprises generation and transmission cost elements. The generation cost consists of a



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Capacity Purchase Price (CPP) and Energy Purchase Price (EPP) including variable O&M. The CPP is being paid on the basis of the Company's share of monthly demand and EPP is computed on the basis of average energy purchase price of IPPs, Hydel, Nuclear and other sources of generation across the country. The UOSC & MoF is being charged according to NTDC, PMTLC & CPPA-G tariff determined by NEPRA on the basis of the Company's share of monthly demand. This PPP is transferred to FESCO according to the Transfer Price Mechanism (TPM) subject to adjustments and passed on to the end consumers.

6.2. The Authority noted that PPP is the major component of consumer-end tariff, which accounts for around 90% of total consumer-end tariff. The Authority while rebasing of consumer-end tariff for the FY 2023-24, determined PPP for all XWDISCOs including the Petitioner, vide decision dated 14.07.2023. The Federal Government notified the determined PPP references for the FY 2023-24, vide SRO dated 26.07.2023, from July 2023. Accordingly, from July 2023 onward, all the monthly FCAs & quarterly adjustments are being allowed based on the notified PPP references for the FY 2023-24.

6.3. In view thereof, the Authority has decided that the PPP of the Petitioner for the FY 2023-24, already notified vide SRO 26.07.2023, shall be included as part of the overall Revenue requirement of the Petitioner for the FY 2023-24.

7. Whether the requested O&M cost, Supplemental charges and other Income is justified?
8. Whether the request of the Petitioner for replacement hiring, Additional hiring and creation of divisions/sub-division is justified?
9. Whether FESCO has deposited the required amount in the Post Retirement Benefit fund in line with the amount allowed by the Authority in previous MYT?

9.1. The Petitioner requested the following O&M costs, depreciation charges and Other Income in its tariff petition;

Operating and Maintenance Cost Breakup (PKR Millions)					
	FY24	FY25	FY26	FY27	FY28
Basic Pay and allowances	2,548	2,743	2,956	3,189	3,512
Financial Impact of PM Assistance Package	18	18	18	18	18
Financial Impact of Replacement Hiring	425	611	800	975	1,168
impact of new recruitment against disable quota ( lump sum)	42	44	46	48	50
Financial Impact of creation of new offices	328	1,081	1,134	1,187	1,228
Post-Retirement Benefits	4,055	4,460	4,906	5,397	5,936
Repair & Maintenance	62	69	73	78	83
Travelling Expenses	45	49	53	56	60
Transportation	14	16	17	18	19
Telephone	19	22	23	24	26
NEPRA Fee	36	39	42	45	48
Collection Charges	430	451	474	497	522
Stationery Expense	334	369	393	419	446
New Recruitment Expense	9	10	11	11	12
Miscellaneous	331	366	390	416	443
Total	8,696	10,348	11,336	12,378	13,571

9.2. The Petitioner provided the following justification regarding amount requested under each head of account;

- ✓ O&M cost has been bifurcated into Employee Related Cost (ERC) comprising Salaries, Wages, Post-Retirement Benefits and Non-Employee Related Cost (NERC) including Repair & Maintenance, Transportation & Conveyance, Bills Collection



Charges, Regulatory Licensing Fee, Stationery and other O&M expenses. The ERC is requested to be allowed as per increase in Salaries and Post-Retirement Benefits announced by the GoP till FESCO remains in the public sector. This is due to the reason that FESCO had adopted and following the National Pay Scales of the Federal Government, hence, any increase by the GoP is being directly passed on to the active and retired employees in their salaries and pensionary benefits. The non-employee related cost shall be indexed every year with CPI less any efficiency factor (X).

- ✓ Increase in Pay & Allowances is attributable to the annual increment, impact of promotions, up-gradations and 25% Adhoc Relief Allowance for FY 2023-24 & 15% Adhoc Relief Allowance for rest of tariff control period. Pay & allowances for FY 2023-24, have been projected as Rs.2,548 Million for Power Supply Business. Similarly, Rs.2,743 Million, Rs.2,956 Million, Rs.3,189 Million & Rs.3,512 Million for FY 2024-25, 2025-26 2026-27 & 2027-28 respectively have been proposed. Pay & allowances and employee benefits including retirement benefits constitute a major portion of the Company's O&M expenses.

**Basic Pay, Allowance & Employee Benefits (PKR Millions)**

Description	FY 24	FY 25	FY 26	FY 27	FY 28
Projected Cost	2,548	2,743	2,956	3,189	3,512

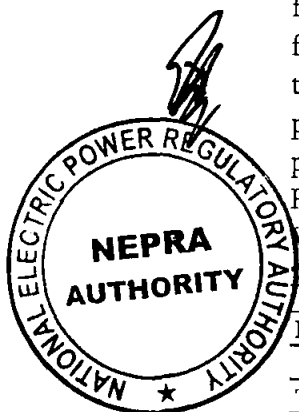
- ✓ Retirement benefits shall be increased @ 10% per year for the tariff control period. In compliance of NEPRA directions FESCO established a separate Post-Retirement Fund w.e.f. 27.08.2014. An amount of Rs. 16,661 Million upto December-2022 has been accumulated in the fund. Presently there are two sources of fund deposit in the Trust Fund. First one is the net amount after payment of liabilities to retired pensioners out of the gross provisions being allowed by Authority. The second source is the amount of profits being earned on the deposits of the Trust Fund. The more funds transferred in the Trust Accounts, the more profit can be earned and the trust fund would quickly be able to generate sufficient revenues/plan assets for meeting the payments to pensioners and cater for active employees' provisions as well. At that point, no further revenue through tariff would be required for provisions against post-retirement benefits which would reduce the consumer end tariff. Post-Retirement Benefits have been projected for 2022-23 on the basis of last actuarial Valuation Report with estimated average 10% increase from FY 2023-24 till FY 2027-28 as under;

**Provision For Staff Retirement Benefits (PKR Millions)**

Description	FY 24	FY 25	FY 26	FY 27	FY 28
Total Provision for Retirement Benefits	17,380	19,118	21,029	23,132	25,446
Proj.Cost-Supply Business	4,055	4,460	4,906	5,397	5,936

**Post-Retirement Benefits Break-up (PKR Millions)**

	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28
Pension	13,796	15,176	16,694	18,363	20,199	22,219
Leave encashment	337	370	407	448	493	542
Medical	828	910	1,001	1,101	1,212	1,333
Free Supply (Retired)	839	923	1,015	1,117	1,228	1,351
Total	15,800	17,380	19,118	21,029	23,132	25,446



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- ✓ To allow Projected Staff retirement benefits for Tariff control period subject to its adjustment as per actual results of Actuaries Reports and Audited Financial Statements.
- ✓ Replacement hiring has been planned for induction of the following number of employees during tariff control period against existing yard stick.

**New induction against existing Yardstick (PKR Millions)**

	FY 24	FY 25	FY 26	FY 27	FY 28
No. of Employees	664	320	298	289	289
Projected Annual Cost	467	655	846	1,023	1,218

- ✓ Manpower statistics as of October 31, 2022 highlights the shortage of staff in the company:

**Manpower statistics as on 31.10.2022**

	Sanctioned	Held	Vacant	% Vacant
<b>A- Professionals</b>				
Engineers	380	272	108	28%
Others	197	84	113	57%
Sub Total	577	356	221	38%
<b>B- Staff</b>				
Technical	12,649	7,264	5,385	43%
Clerical	3,328	1,485	1,843	55%
Non-Technical	7,476	4,433	3,034	41%
Sub Total	23,453	13,182	10,271	44%
Grand Total	24,030	13,538	10,492	44%



- ✓ The Company is a staff deficient by 44% and at present working strength of 13,538 No. of employees against the sanctioned strength of 24,030 in different cadres. Therefore, the company has planned for induction of above stated number of employees during the tariff control period.
- ✓ Company has the deficiency of workforce by 44%. Deficiency at officers level is 38% whereas at staff level 44%. Deficiency at Engineers level is 28%. Deficiency at Technical staff level is 43%. Therefore Company has been requesting NEPRA for allowing cost of hiring staff at positions where it is under-staffed. The deficiency and the associated financial impact will successively increase over the years, as the Company's consumer base is continually expanding. The consumer base of the company is expected to be increased at average rate of 5% or 0.290 Million consumers per year.
- ✓ In order to meet the technical and operational targets, it is proposed that 664 vacancies are to be filled by the Company during FY2023-24. This recruitment will increase the first year i.e 2023-24 of the tariff control period O&M by Rs. 467 Million. In the same manner Supply Business cost of Rs. 655 Million, Rs.846 Million, Rs. 1,023 Million & Rs. 1,218 Million have been projected for recruitment against vacant posts under existing yardstick of FESCO during FY 2024-25, 2025-26, 2026-27& 2027-28 respectively.

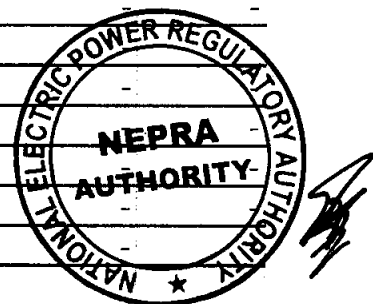
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- ✓ Induction of the following number of employees during tariff control period is planned against human resource requirement of the proposed new office creation.

<b>New induction against creation of new offices (PKR Millions)</b>					
	<b>FY 24</b>	<b>FY 25</b>	<b>FY 26</b>	<b>FY 27</b>	<b>FY 28</b>
No. of Employees	563	1,214	-	-	-
Projected Annual Cost	328	1,081	1,134	1,187	1,228

- ✓ FESCO has planned to create following new Circles, Divisions & Sub Divisions during Tariff control period keeping in view the expected consumers growth, better administrative control, better customer services, T&D losses reduction. Detail is given below.

<b>Creation of New Circles, Division &amp; Sub Division (Nos)</b>					
<b>Description</b>	<b>FY 24</b>	<b>FY 25</b>	<b>FY 26</b>	<b>FY 27</b>	<b>FY 28</b>
Circles (Operation)	1	1	-	-	-
Civil Circle	1	-	-	-	-
GSO Circle	-	1	-	-	-
Divisions (Operation)	4	6	-	-	-
Civil Division	1	-	-	-	-
GSO Divisions	-	2	-	-	-
GSC Divisions	-	2	-	-	-
M&T Divisions	-	2	-	-	-
Constructions Divisions	-	2	-	-	-
Sub Divisions (Operation)	12	29	-	-	-
Civil Sub Division	3	-	-	-	-
GSO Sub Divisions + Gangs & C-Type Store	-	9	-	-	-
GSC Sub Divisions	-	3	-	-	-
Constructions Sub Division	-	4	-	-	-
<b>Total</b>	<b>22</b>	<b>61</b>	<b>-</b>	<b>-</b>	<b>-</b>



- ✓ Other Operating Expenses including Repair & Maintenance are increased by CPI-X (Efficiency Factor) for the tariff control period. The projected Other Operating Expenses are provided in the Table below.

<b>Repair &amp; Maintenance and Other O&amp;M Cost (PKR Million)</b>					
<b>Description</b>	<b>FY 24</b>	<b>FY 25</b>	<b>FY 26</b>	<b>FY 27</b>	<b>FY 28</b>
Repair & Maintenance	62	69	73	78	83
Travelling Expenses	45	49	53	56	60
Transportation	14	16	17	18	19
Telephone	19	22	23	24	26
Collection Charges	430	451	474	497	522
Stationery Expense	334	369	393	419	446
New Recruitment Expense	9	10	11	11	12
<b>Total</b>	<b>1,280</b>	<b>1,391</b>	<b>1,476</b>	<b>1,564</b>	<b>1,659</b>

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- ✓ Majority of the Other Operation & Maintenance expenses like Repair & Maintenance, Transportation, Travelling & conveyance, electricity bills collection charges, stationery & bills printing, distribution & Supply Businesses annual licensing fee are dependent upon the operations of the company. As the operations/business of the Company is expanding, therefore the above said expenses are also increased.
- ✓ Secondly, FESCO carried an analysis of Other Operation & Maintenance Cost of DISCO's in Punjab Province from NEPRA Tariff determinations of these companies for the FY 2022-23. The analysis shows that FESCO has lowest Other Operation & Maintenance Cost as given in the table below.
- ✓ By translating the per unit cost into efficiency, FESCO is efficient by 32%, 19%, 37% & 39% as compared to GEPCO, LESCO, IESCO and MEPCO respectively.

Other O&M determined by NEPRA for FY 2022-23 (Rs/kWh)						
Description	Unit	FESCO	GEPCO	LESCO	IESCO	MEPCO
Units (sales)	MkWh	15,518	11,653	24,865	11,745	19,195
Other O&M	PKR Mln.	2,710	2,866	5,201	3,145	5,470
	Rs./kWh	0.17	0.25	0.21	0.27	0.28
FESCO Efficiency		-	32%	19%	37%	39%

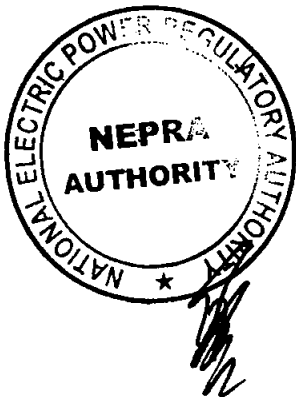
- ✓ Other Income includes Late Payment Surcharge (LPS) charged to consumers. The Late Payment Surcharge is knocked off with the Late Payment Charges invoiced by CPPA-G as supplemental charges in line with Authority's decision.

**Delays in payment of Quarterly Adjustments resulting in Supplemental Charges:**

FESCO usually faces cash constraints due to delays in passing through the positive Quarterly PPP Adjustments due to variation in Reference and actual Capacity Charges, UoSC, Impact of Line Losses on FCA and variable O&M (collectively known as Quarterly Power Purchase Price (PPP) Adjustments). The situation further exacerbated when the quantum of actual Capacity Charges, UoSC, variable O&M and Impact of Line Losses on FCA is quite on higher side than the reference. The analysis of last four years 2019 till 2022 actual results given in the table below shows that a considerable amount of the Quarterly Power Purchase Price Adjustments remained unrecovered during/by the end of respective years. The impact of annual unrecovered Quarterly Adjustments for FY 2019 till 2022 remained 100%, 98%, 100% and 98% respectively. The cumulative impact of un-recovered Adjustments remained 98%.

Delay in recovery of Qtrly PPP Adjs FY 2019 to FY 2022 (PKR Million)				
Description	FY 19	FY 20	FY 21	FY 22
Quarterly PPP Adjustment determined by NEPRA	26,561	32,797	2,298	18,339
Quarterly PPP Adjustment recovered during the year	-	-578	-	457
Un-Recovered PPP Adjustments at year end	26,561	32,219	2,298	17,882
Un-Recovered PPP Adjustments (% of Total)	100%	98%	100%	98%
Cumulative Un-recovered Adjustments %			98%	
Rate of Average 03 Months KIBOR	10.71%	11.47%	7.40%	11.35%
Cost of Un-recovered QPPPA	2,884	3,696	170	2,029
Average Yearly Cost			2,185	

- ✓ The non-recovery of Quarterly Power Purchase Price Adjustment severely affects the Company's ability to clear the full amount of Power Purchase Cost billed by CPPA-G on monthly basis. This leads to huge Supplemental Charges on delayed payments to IPPs billed by CPPA-G to FESCO as per Article 6.1 of the Power





Procurement Agency Agreement between the said entities read with Clause 9.6.1 of the Commercial Code and creation of circular debt. The amount of Supplemental Charges on delayed payments for FY 2019 till 2022 billed by CPPA-G beyond the amount of LPS was Rs. 484 Million, 1,323 Million, 2,482 Million & Rs. 2,787 Million respectively and on average Rs. 1,769 Million. This seem close to the calculations given in the above Table and the stance of FESCO for allowing the cost of delayed recovery of Quarterly Power Purchase Price Adjustments/Supplemental Charges beyond LPS, going forward.



✓ The petitioner stated that currently FESCO is not unable to pass-through the cost of this shortfall in cash through its tariff and thus has to bear it in the form of Supplemental Charges billed by CPPA-G. Presently, FESCO is booking the Supplemental Charges to the extent of Late Payment Surcharge (LPS) in line with NEPRA decision. But the Supplemental Charges billed by CPPA-G but not recognized by FESCO is accumulating which amounts to Rs. 13,414 Million by the end of FY 2022. By allowing the impact of delayed recovery of Quarterly Power Purchase Price Adjustments, the Company would be able to clear its monthly Power Purchase Price Invoices to that extent and thereby reducing the quantum of Supplemental Charges being billed by CPPA-G in line with the Power Purchase Agreements with Power Generators/IPPs.

Foregoing in view, it is requested that going forward, view point of FESCO may be considered for the amount of un-recovered positive Quarterly Power Purchase Price Adjustments (QPPPA) and the cost/supplemental charges thereof.

- 9.3. The Authority observed that the Petitioner revised its requested amounts under different heads in its presentation during the hearing. The Petitioner presented the following numbers for the FY 2023-24, during hearing of its instant Petition for both its Distribution and Supply function;

Description	FY 24	FY 25	FY 26	FY 27	FY 28
Salaries, Wages & Benefits	14,842	16,346	17,960	19,695	21,565
Financial Impact of PM Assistance Package	100	100	100	100	100
Financial Impact of Replacement Hiring	2,691	3,723	4,712	5,617	6,289
Financial Impact of creation of new offices	1,588	5,730	6,012	6,294	6,577
Pay, Allowances & Employees Benefits of GENCO Employees adjusted in FESCO	67	74	82	90	99
Impact of Outsource of Security Guards	254	266	279	293	308
Retirement Benefits	17,380	19,118	21,029	23,133	25,445
Repair & Maintenance	1,209	1,336	1,422	1,515	1,613
Travelling Expenses	496	547	583	621	662
Transportation	737	814	867	923	983
Telephone	54	60	64	67	72
Licensing Fee	162	179	191	204	217
Bill Collection Charges	430	451	474	497	522
Stationery Expense	375	415	442	471	501
New Recruitment Expense	90	99	106	112	120
Miscellaneous	775	856	912	972	1,035
Total	41,248	50,114	55,235	60,604	66,109
Rs./kWh	2.33	2.69	2.82	2.93	3.04

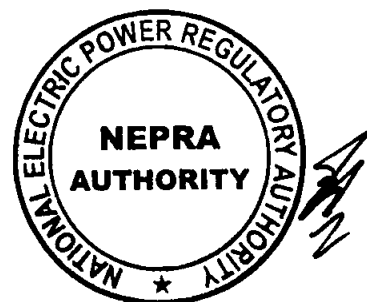


Other Income	FY 24	FY 25	FY 26	FY 27	FY 28
Profit on the Bank Deposit	2,236	2,375	2,254	2,330	2,237
Meter/ Service Rent	53	54	54	54	54
Reconnection Fee	25	26	27	26	25
Gain on installation of new connections	654	587	590	577	604
Repair, testing and inspection fee	44	47	43	45	45
Recovery of late delivery charges	167	131	145	148	141
Service fee on collection of Electricity Duty and PTV License fee	116	120	115	117	117
Quarter rent FESCO colonies	7	7	7	7	7
Non-utility operations	88	93	85	89	89
Excess deposit work receipt written back	43	50	53	49	51
<b>Total</b>	<b>3,432</b>	<b>3,489</b>	<b>3,373</b>	<b>3,440</b>	<b>3,370</b>
Amortization of deferred credits	2,522	2,858	3,200	3,557	3,931
<b>Total Other Income</b>	<b>5,954</b>	<b>6,347</b>	<b>6,573</b>	<b>6,997</b>	<b>7,301</b>
<b>Rs./kWh</b>	<b>0.34</b>	<b>0.34</b>	<b>0.34</b>	<b>0.34</b>	<b>0.34</b>

- 9.4. Regarding Pay & Allowances, the Petitioner presented during the hearing that FESCO being owned by Federal Government adopted Government notifications towards increase in Salaries, Allowance and employees benefits, hence salaries and allowance shall linked with GOP increase. The Petitioner requested to true-up Salaries and allowances at the end of every year. Post-Retirement Benefits, should be linked with GoP increase, however FESCO has requested to true up the same as per provision for post-retirement benefit fund on the basis of Actuarial Valuation Report at the end of every year.
- 9.5. Regarding Other Income the Petitioner submitted that Amortization of deferred credit calculated @ 3.5% on the accumulated balance of contributions against connection installed/ deposit works i.e. consumer financed assets. The rest of Other Income has been assessed on the basis of last five year moving average.
- 9.6. The Authority noted that revenue requirement of XWDISCOs, generally include the following;
- Power Purchase Price (PPP)
  - Distribution/Supply Function Costs
  - Prior Year Adjustments, if any.

#### 10. Power Purchase Price (PPP)

- 10.1. The issue of PPP has already been discussed in the earlier paragraphs of the instant determination, therefore, need not to be discussed here again.
- 10.2. The Distribution/Supply function costs of XWDISCOs include the following major components;
- Operation & Maintenance Expenses (O&M)
    - Salaries & Wages
    - Post-Retirement Benefits
  - Other OPEX
    - Repair & Maintenance Expenses
    - Travelling Allowance
    - Vehicles Fuel and Repair & Maintenance
    - Other Miscellaneous Expenses







- Depreciation
- Return on Rate Base (RORB) ( $RAB \times WACC$ )
- Other Income (*deducted from the Revenue Requirement*)

10.3. The amended NEPRA Act under Section 31(3), *inter alia*, has prescribed that the following general guidelines shall be applicable to the Authority in the determination, modification or revision of rates, charges and terms & conditions for provision of electric power services;

*"(a) tariffs should allow licensees the recovery of any and all cost prudently incurred to meet the demonstrated needs of their customers Tariff."*

*(b) tariffs should generally be calculated by including a depreciation charge and a rate of return on the capital investment of each licensee commensurate to that earned by other investments of comparable risk;*

*(c) tariffs should allow licensees a rate of return which promotes continued reasonable investment in equipment and facilities for improved and efficient service;*

*(d) tariffs should include a mechanism to allow licensees a benefit from and penalties for failure to achieve the efficiencies in the cost of providing the service and the quality of service;"*

10.4. Further, as per NEPRA determination of Consumer-end-Tariff (Methodology & Process) Guidelines, 2015, the Authority shall choose a base year for the purpose of determining the affected company's revenue requirement under multi-year tariff regime or annual tariff regime. "Base Year" has been defined as the year on which the annual or multiyear tariff projection is being made, which may be a historical financial year, for which the actual results/audited accounts are available. It may be a combination of actual results and projected results for the same financial year or it may be a pure projection of a future financial year.

10.5. Considering the fact that the MYT has been filed for the period pertaining to the FY 2023-24 to FY 2027-28, and the cost for the FY 2024-25 i.e. test year, is being assessed as reference cost during the MYT control period, the Authority has decided to consider the costs as per the provisional accounts of the Petitioner for the FY 2022-23 along-with subsequent additional information provided by the Petitioner for FY 2022-23, as base year. Here it is pertinent to mention that audited accounts of the Petitioner for the FY 2022-23, are not available.

10.6. The Authority considers that for projections or assessment of OPEX costs, the two commonly used approaches are the Ex-Ante approach and the Ex-Post approach. In a regime where the allowed OPEX is determined Ex-Ante, there will inevitably be deviations between the allowed and actual OPEX in the form of efficiency savings or losses. Thus resulting in two broad options, one that the utility bears all savings or losses, i.e. no action is taken by the Regulator. The 2<sup>nd</sup> that the utility shares the savings or losses with consumers. The former provides the utility with a profit incentive to cut costs, but at the same time places the utility at greater financial risk in the face of losses. The latter somewhat dilutes efficiency incentives, but also limits the losses/gains for the utility and its customers. However, the widely used approach is that no adjustments to allowed Revenues or OPEX



allowances are made in the next period to compensate for a deviation from allowed OPEX in the current period except for certain allowed adjustments in terms of CPI etc.

- 10.7. Accordingly, keeping in view the guidelines given in the Act, request of the Petitioner, information provided by the Petitioner subsequently and decisions of the Authority in similar cases, the head wise assessment of the Petitioner under each of requested costs is discussed hereunder;

**11. Pay & Allowances:**

- 11.1. The Authority noted that head of Salaries, Wages and Other Benefits include employees Pay & Allowances and Post-retirement benefits and accounts for over 86% of the Petitioner's total O&M costs, excluding depreciation. The Authority understands that employees of XWDISCOs are hired on Government pay scales, thus, any salary increase announced by the Federal Government in Fiscal Budget is also applicable on the employees of XWDISCOs, and the Petitioner is required to pay its employees, increases in salaries & wages announced by the Federal Government through Budget. Therefore, salaries & wages cost of employees can be considered as un-controllable cost for XWDISCOs as long as they remain in public sector.

- 11.2. Considering the fact that the cost for the FY 2023-24 is being assessed, which would be used as reference during the MYT control period, the Authority has taken into consideration the costs as per the provisional accounts of the Petitioner for the FY 2022-23, information shared by the Petitioner subsequently in this regard. The Authority is of the view that since the previous MYT of the Petitioner has ended on 30.06.2023, therefore, it would be appropriate to account for the actual cost of the base year while projecting Salaries, Wages and Other benefits for the FY 2023-24, as any gain/loss of the previous MYT control period may not be carried forward in the new MYT.

- 11.3. The actual total cost as provided by the Petitioner for the FY 2022-23, under Salaries & Wages (excluding postretirement benefits, discussed separately) is Rs.13,217 million. The said amount has been considered as base cost and following increases as approved by the Federal Government on Salaries and Wages in the Federal Budget for the FY 2023-24 along-with impact of annual increment i.e. 5% have been incorporated thereon;

Adhoc relief allowance @ 32.5% on avg. - 30% (BPS-17-22) & 35% (BPS 1-16)

Annual increment @ 5% of basic pay for 7 months

Adhoc relief allowance FY 2021-22 revised based on revised basic pay scale

- 11.4. Accordingly, the cost of Salaries & Wages (*excluding postretirement benefits, discussed separately*), for both the Distribution and Supply Functions works out as Rs.15,345 million. The same is hereby allowed to the Petitioner for the FY 2023-24 for both its distribution and Supply Functions as reference cost, to be adjusted in the remaining control period as per the adjustment mechanism prescribed in the instant determination.

- 11.5. Since the Audited accounts of the Petitioner, do not provide bifurcation of the Salaries, Wages and other benefits costs in terms of Distribution and Supply Functions, therefore, for the purpose of allocation of total cost of Salaries, Wages and other benefits in terms of Distribution and Supply Functions, the criteria as adopted by the Petitioner has been used. Thus, the cost of Salaries, Wages and other benefits (excluding postretirement benefits) for the FY 2023-24 pertaining to the supply function works out as Rs.2,640 million.

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- 11.6. The assessed Salaries & Wages costs for the FY 2023-24 i.e. Rs.2,640 million, shall be considered as the reference cost for future adjustment/ indexation of Salaries & Wages expenses, in the remaining tariff control period as per the mechanism given in the instant determination.
- 11.7. Here it is also pertinent to mention that DISCOs have been allocated GENCO employees and are drawing their salaries from DISCOs. The impact of such cost has been included by DISCOs in their Pay and Allowance cost for the FY 2022-23. While assessing Salaries, wages & Other Benefits for the FY 2023-24, the cost for the FY 2022-23, as provided by the Petitioner has been considered, therefore, impact of GENCO employees transferred to the Petitioner, if any, has already been accounted for in the cost being allowed for the FY 2023-24. The Petitioner is directed to provide proper details of employees allocated to it by providing proper Employees wise details, their pay scales, terms of adoption in DISCOs, approvals of competent authority for such adoption, placement in DISCOs and Financial impact of Pay & Allowances of such employees as well.
- 11.8. Considering the fact that employees of XWDISCOs are hired on Government pay scales, and any salary increase announced by the Federal Government in the Federal Budget is applicable on the employees of the Petitioner, therefore, being un-controllable cost, the Authority has decided to actualize the Pay & Allowances cost of the Petitioner, based on its audited accounts for the relevant year for its existing employees. The impact of any such adjustment would allowed as part of PYA in the next indexation/ adjustment request or tariff determination as the case may be.

**12. Additional Recruitment**

- 12.1. The Authority observed that Salaries & Wages cost for the FY 2022-23, as per the information provided by the Petitioner, has been considered as base cost, therefore, impact of any new recruitment made till FY 2022-23 has already been accounted for. For future recruitment to be carried out in FY 2023-24 and onward, the Authority understands that allowing cost of additional hiring, upfront would be unfair with the consumers, without considering/ analyzing the benefits of such recruitment. The Authority understands that it will be in a better position to adjudicate on the issue once the Petitioner provides details of the actual cost incurred in this regard and substantiates the same with the quantified benefits accrued. Although, the Authority has decided to actualize the Pay & Allowances cost of the Petitioner, based on its audited accounts for the relevant year, however, that would only be to the extent of existing employees. Accordingly, the Petitioner is directed to provide detail of additional recruitment actually made during each year, along-with its financial impact and quantified benefits accrued, for consideration of the Authority, in its subsequent adjustment/ indexation request.

**13. Post-Retirement Benefit**

- 13.1. The head of Post-retirement benefit includes employees' pension, free electricity and medical facility. Here it is pertinent to mention that since employees of XWDISCOs are hired on Government pay scales, therefore, any pension increase announced by the Federal Government in the Budget is applicable on the retired employees/ pensioners of DISCOs.
- 13.2. The Petitioner has requested the following amounts under its post-retirement benefits during the MYT control period;

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Description	2023-24	2024-25	2025-26	2026-27	2027-28
	Requested (Distribution +Supply )				
Pension Liability	15,176	16,694	18,363	20,199	22,219
Leave Encashment Benefits	370	407	448	493	542
Medical Facilities to Retired Employees	910	1,001	1,101	1,212	1,333
Free Electricity Supply to Retired Employees	923	1,015	1,117	1,228	1,351
<b>Total-Retirement Benefits</b>	<b>17,380</b>	<b>19,118</b>	<b>21,029</b>	<b>23,132</b>	<b>25,446</b>
Distribution Function	13,325	14,658	16,123	17,735	19,510
Supply Function	4,055	4,460	4,906	5,397	5,936

13.3. It is pertinent to mention here that the Authority in its previous determinations, considering the overall liquidity position in the power sector and in order to ensure that XWDISCOs fulfil their legal obligations with respect to the post-retirement benefits, directed the XWDISCOs to create a separate fund in this regard. The rationale behind creation of separate fund was to ensure that DISCOs record their liability prudently as the funds would be transferred into a separate legal entity, which would also generate its own profits, as it would be kept separate from the Company's routine operations, thus reducing the Distribution Margin and eventually consumer-end tariff in longer run.

13.4. In compliance with the Authority's direction, the Petitioner has created a separate Fund for its post-retirement benefits and provided following details of its pension fund and Payments;

	NEPRA allowed amount	Amount Paid to Pensioners	Amount to be Transferred to Fund	Fund Balance
FESCO	2015-16	3,242	2,319	923
	2016-17	4,952	3,420	1,532
	2017-18	5,447	4,001	1,446
	2018-19	5,447	4,957	490
	2019-20	11,376	5,555	5,821
	2020-21	8,775	5,821	2,954
	2021-22	9,653	6,280	3,373
	2022-23	9,653	7,991	1,662
	<b>Total</b>	<b>58,545</b>	<b>40,344</b>	<b>17,679</b>



13.5. From the above table, it is clear that the Petitioner has complied with the earlier directions of the Authority and deposited excess amount in the Fund. In view thereof, the Authority has also decided to allow the Petitioner, provision for Post-retirement benefits, for the FY 2023-24.

13.6. Here it is pertinent to mention that since audited accounts of the Petitioner for the FY 2022-23, are not yet available, therefore, information provided by the Petitioner for the FY 2022-23, has been relied upon for working out provision for post-retirement benefits for the FY 2023-24.

13.7. The amount for the FY 2023-24, has been worked out by applying pension increases announced by the Federal Government in Budget FY 2024, on the amount provided by the Petitioner for the FY 2022-23. The Authority observed that the amount requested by the Petitioner for the FY 2023-24, is reasonable and hence the same is allowed to the Petitioner for its both Distribution and Supply of Power Functions. Thus, the Petitioner is allowed an amount to Rs.17,380 million as provision for post-retirement benefits, for the FY 2023-24, as per its request, for its both Distribution and Supply of Power Functions.

13.8. The Petitioner is directed to deposit the amount of provision, over and above their actual post-retirement benefit payments, in the Fund and in case of failure to deposit the excess amount in the Fund, the same shall be adjusted/deducted in the subsequent tariff

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determination and from thereon, only actual amounts paid and amount transferred into the fund would be allowed.

- 13.9. Since the Audited accounts of the Petitioner, do not provide bifurcation of post-retirement benefits in terms of Distribution and Supply Functions, therefore, for the purpose of allocation of total cost of post-retirement benefits in terms of Distribution and Supply Functions, the criteria as adopted by the Petitioner has been used. Accordingly, the cost of post-retirement benefits for the FY 2023-24, pertaining to the Supply Function, works out as Rs.4,055 million, to be adjusted in the MYT Control period as per the adjustment mechanism provided in the instant determination.
- 13.10. Considering the fact that the Petitioner is obligated to pay to its pensioners, the pension increases announced by the Federal Government, therefore, being an un-controllable cost, the Authority has decided to actualize the post-retirement benefits cost of the Petitioner for the relevant year, based on its audited accounts. The impact of any such adjustment would allowed as part of PYA in the next indexation/ adjustment request or tariff determination as the case may be.

14. **Repair & Maintenance Costs**

- 14.1. The Petitioner has requested the following regarding repair & maintenance cost during the control period;

Description	2023-24	2024-25	2025-26	2026-27	2027-28
	Requested (Distribution +Supply )				
R&M-Building Civil Works	37	41	44	47	50
R&M-Other Physical Property	95	105	112	119	127
R&M-General Plant	55	61	65	70	74
R&M-Distribution Plant	1,021	1,128	1,201	1,280	1,363
<b>Total-Repair &amp; Maintenance</b>	<b>1,209</b>	<b>1,336</b>	<b>1,422</b>	<b>1,515</b>	<b>1,613</b>
Distribution Function	1,147	1,267	1,349	1,437	1,530
Supply Function	62	69	73	78	83

- 14.2. No doubt that the adherence to service standards and improvement of customer services is only possible through continuous repair and maintenance of distribution network, however, at the same time the Petitioner has also been allowed huge CAPEX of over Rs.124 billion during the MYT control period from FY 2023-24 till FY 2027-28, for making additional investment in Fixed Assets, resulting in new, expensive and efficient equipment, leading to overall reduction in R&M cost and increasing the total Assets base.
- 14.3. Considering the fact that the cost for the FY 2023-24 is being assessed, which would be used as reference during the MYT control period, the Authority has taken into consideration the costs as per the provisional accounts of the Petitioner for the FY 2022-23 / information shared by the Petitioner subsequently in this regard. The Authority is of the view that since the previous MYT of the Petitioner has ended on 30.06.2023, therefore, it would be appropriate to account for the actual cost of the base year while projecting O&M expenses and other Misc. expenses for the FY 2023-24, as any gain/loss of the previous MYT control period may not be carried forward in the new MYT.
- 14.4. In view of the foregoing and keeping in view the current approved tariff methodology, the Authority has decided to allow an amount of Rs.982 million under R&M head, for the FY 2023-24, after incorporating the inflationary impact on the R&M cost, as per the provisional accounts of the Petitioner for the FY 2022-23, for its both Distribution and Supply

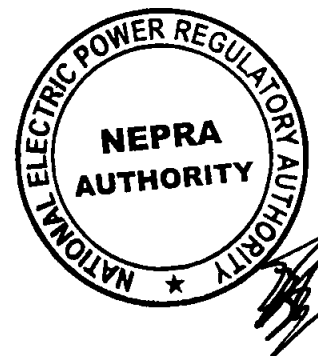
Functions, excluding amount related to meters. NCPI as of December 2022 has been applied, as per the provisional accounts of the Petitioner for the FY 2022-23, to work out the Repair and Maintenance expenses for FY 2023-24. Here it is pertinent to mention that the Petitioner itself has requested that all other expenses are increased by CPI-X during the entire tariff control period including Repair & Maintenance. The same is hereby allowed to the Petitioner for the FY 2023-24 for both its distribution and Supply Functions. The allowed cost for the FY 2023-24, shall be considered as maximum cap, subject to downward adjustment only in case actual figures of FY 2022-23 as per the Petitioner's audited accounts, remain lower than its provisionally provided figures.

- 14.5. Since the Audited accounts of the Petitioner, do not provide bifurcation of the R&M costs in terms of Distribution and Supply Functions, therefore, for the purpose of allocation of total cost of R&M costs in terms of Distribution and Supply functions, the criteria as adopted by the Petitioner has been used. Accordingly, the cost of R&M for the FY 2023-24 pertaining to the Supply Function works out as Rs.50 million.
- 14.6. The assessed Repair and Maintenance cost for the FY 2023-24 i.e. Rs.932 million, shall be considered, as reference cost for working out future repair and maintenance expenses, during the remaining tariff control period, as per the adjustment mechanism prescribed in the instant determination, unless revised downward, in case actual figures of FY 2022-23 as per the Petitioner's audited accounts, remain lower than its provisionally provided figures.

#### 15. Other O&M Expenses

- 15.1. Other O&M expenses includes Travelling costs, Transportation and Other Expenses. The Petitioner requested following amounts under these heads;

Description	2023-24	2024-25	2025-26	2026-27	2027-28
Requested (Distribution +Supply) - Rs. Mln					
Traveling Expense	496	548	583	621	661
Transportation Expense	737	814	867	923	983
Telephone	54	60	64	68	72
Licensing Fee	162	179	191	203	217
Collection Charges	430	451	474	497	522
Stationery Expense	376	415	442	471	501
New Recruitment Expense	90	99	106	112	120
Miscellaneous	775	856	912	972	1035
<b>Total Other O&amp;M expenses</b>	<b>3,119</b>	<b>3,422</b>	<b>3,638</b>	<b>3,867</b>	<b>4,111</b>
Distribution Function	1,901	2,100	2,235	2,381	2,535
Supply Function	1,218	1,322	1,403	1,486	1,576



- 15.2. The Authority noted that as per the approved tariff methodology, all other operating expenses are part of O&M costs which are to be assessed through NCPI-X formulae for the whole tariff control period. Here it is pertinent to mention that the Petitioner itself has requested that all other expenses are increased by NCPI-X during the entire tariff control period including Repair & Maintenance. Accordingly, for assessment of Other O&M cost for pertaining to the FY 2023-24 (reference cost), the Authority, keeping in view the cost as per the provisional accounts of the Petitioner for the FY 2022-23, has decided to allow an amount of Rs.3,027 million for the FY 2023-24, after incorporating the inflationary impact on Other O&M cost for the FY 2022-23. The said amount of Rs.3,027 million is being allowed for both the Distribution and Supply of Power function for the FY 2023-24.
- 15.3. Since the Audited accounts of the Petitioner, do not provide bifurcation of the Other O&M costs in terms of Distribution and Supply of Power Functions, therefore, for the purpose of allocation of total cost of Other O&M costs in terms of Distribution and Supply Functions,



the criteria as adopted by the Petitioner has been used. Accordingly, the cost of Other O&M costs for the FY 2023-24 pertaining to the Supply function works out as Rs.1,183 million.

- 15.4. By allowing the costs as mentioned above, the Authority has incorporated the costs including bill collection, building rent, NEPRA fee, insurance cost, transportation, rent, rates & taxes, and travelling etc. However, Management Fees of PEPCO, has not been considered as each DISCO is an independent entity having its own board of Directors, thus, allowing any cost on the pretext of PEPCO Management fee is not logical. Further, the Ministry of Energy (MoE), itself in the Peshawar High Court submitted that PEPCO shall be dissolved after June 2011. Accordingly, the cost of PEPCO fee, if any, has not been allowed to the Petitioner.
- 15.5. The assessed amount of Other O&M expenses for the FY 2023-24 i.e. Rs.1,183 million, shall be considered as the reference cost for future adjustment/ indexation during the remaining tariff control period as per the mechanism given in the instant determination.

## 16. Other Income

- 16.1. Regarding Other Income, the Petitioner has submitted that Other Income includes mark-up on bank deposits, amortization of deferred credit and income from other sources. As there is no clear trend found during the past, hence, other income have been assessed on the basis of last five year moving average except for the amortization of deferred credit which has been calculated @ 3.5% on the accumulated balance of contributions against connection installed / deposit works i.e. consumer financed assets. The Late Payment Surcharge has been excluded from the total Other Income as per decision of NEPRA in the Tariff determination of FY 2014-15 till 2022-23. The detail of requested other income is as under;

Description	FY 24	FY 25	FY 26	FY 27	FY 28
Profit on the Bank Deposit	2,236	2,375	2,254	2,330	2,237
Meter/ Service Rent	53	54	54	54	54
Reconnection Fee	25	26	27	26	25
Gain on installation of new connections	654	587	590	577	604
Repair, testing and inspection fee	44	47	43	45	45
Recovery of late delivery charges	167	131	145	148	141
Service fee on collection of Electricity Duty and PTV License fee	116	120	115	117	117
Quarter rent FESCO colonies	7	7	7	7	7
Non-utility operations	88	93	85	89	89
Excess deposit work receipt written back	43	50	53	49	51
<b>Total</b>	<b>3,432</b>	<b>3,489</b>	<b>3,373</b>	<b>3,440</b>	<b>3,370</b>
Amortization of deferred credits	2,522	2,858	3,200	3,557	3,931
<b>Total Other Income</b>	<b>5,954</b>	<b>6,347</b>	<b>6,573</b>	<b>6,997</b>	<b>7,301</b>



- 16.2. Since the other income would be trued up every year as per the mechanism provided in the instant determination, therefore, for the FY 2023-24, the Authority has decided to consider the amount of Rs.3,718 million, including the amount of amortization of deferred credit but exclusive of the amount of late payment charges. In view thereof, the Authority has assessed Rs.3,718 million as Other Income for the both Distribution and supply functions for the FY 2023-24, which does not include late payment charge but includes amortization of deferred credit.
- 16.3. The Authority in consistency with its earlier decision, on the issue, has not included the amount of LPS while assessing the other income for the FY 2023-24. Here it is pertinent to mention that the LPS recovered from the consumers on utility bills shall be offset against the late payment invoices raised by CPPA (G) against respective XWDISCO only, and in the



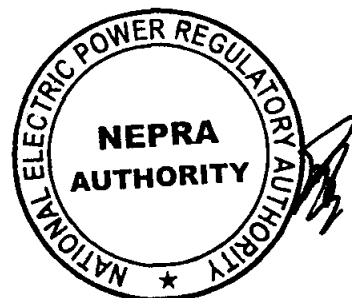
event of non-submission of evidence of payment to CPPA (G), the entire amount of Late Payment charge recovered from consumers shall be made part of other income and deducted from revenue requirement in the subsequent year.

- 16.4. The total amount of Other Income as worked out above has been allocated in terms of Distribution and Supply Functions, as per the criteria adopted by the Petitioner itself. The petitioner requested other income in supply function only contains LPS, so the same as explained above excluded from assessment of other income, thus nil amount of other income is considered for supply function.

#### Supply Margin

- 16.5. The Petitioner regarding supply Margin submitted that according to Para 16(2) of the NEPRA Guidelines for determination of consumer end tariff (Methodology and process) issued vide SRO # 34 (1)/2015, dated 16<sup>th</sup> January, 2015, tariff should allow the licensee, a rate of return, which promotes continued reasonable investment in equipment and facilities for improved and efficient service. It is important that returns provided to the Company commensurate with the risks associated with the sector. The rate of return should provide for a return which is proportionate with the prevailing cost of funds being incurred by the Company and with the risk involved in delivering the utility services.
- 16.6. The petitioner mentioned that regulator has not provided any guidelines regarding Power Supplier Margin. Further presently Distribution and Supply Businesses are not separated, therefore, only RORB has been claimed in the distribution business tariff petition and no return for power supply business claimed. Foregoing in view, it is proposed that FESCO right to claim Power Supply Margin/ Return on Power Supply Business may be kept open till the two businesses got separated. Thereafter, FESCO would claim the return /margin in line with the approved mechanism when devised.
- 16.7. The Authority observed that the Petitioner has been allowed return on its Regulatory Asset Base (RAB) as per the Authority's approved WACC and the same has been included as part of the Petitioner's Distribution function revenue requirement.
- 16.8. Although, the function of sale of electric power traditionally being performed by the Distribution Licensees has been amended under Section 21(2)(a) of the Amended Act, however, the amended Act, also under proviso to Section 23E(1), provided that holder of a Distribution license on the date of coming into effect of the Amendment Act, shall be deemed to hold a license for supply of electric power for a period of five years from such date. Thus, all existing Distribution Licensees were deemed to have Power Supplier Licenses, to ensure distribution licensees earlier performing both the sale and wire functions, would continue to do so. Subsequently, the Authority has also issued supplier license to the Petitioner. Hence, practically there is no change in the overall nature of operations or functions being performed by the existing DISCOs, therefore, allowing any separate margin for Supply function, considering the fact that it has been allowed return on its overall rate base, does not merit consideration. Further, being a regulated activity, the Authority besides allowing return on assets, has also allowed all the prudently incurred cost to the Petitioner for both its Distribution and Supply Functions. Thus, the plea of the Petitioner does not merit consideration.

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17. What should be the adjustment mechanisms during the MYT? Whether there should any efficiency factor (X Factor)? Whether the salaries, allowance and post-retirement benefits shall linked with GoP increase or otherwise?

Regarding adjustment mechanism the Petitioner submitted following;

- ✓ The O&M cost has been segregated into Employees Related Cost (ERC) comprising Salaries, Wages, Post-Retirement Benefits and Non-Employees Related Cost (NERC) including Repair & Maintenance, Transportation, Travelling & Conveyance, Bills Collection Charges, Annual Supply of Electric Power Fee, Stationery and other O&M expenses. The ERC is requested to be adjusted/allowed as per increase in Salaries and Post-Retirement Benefits announced by the GoP every year till FESCO remains in the public sector. This is due to the fact that FESCO had adopted and presently following the National Pay Scales of the Federal Government. The same has been assumed for the tariff control period, therefore, any increase in Pay & Allowances of employees and post-retirement benefits shall directly be passed through to the beneficiaries (active and retired employees).
- ✓ The NERC/Other O&M expenses including Repair & Maintenance, Transportation, Travelling & Conveyance, Electricity Bills Collection Charges, annual Distribution and Supply business Licensing Fee, Bills printing & Stationery and other miscellaneous expenses is proposed to be adjusted with CPI less efficiency factor "X" for the Tariff Control Period.
- ✓ The efficiency factor "X" is being proposed as "0" for the Tariff Control Period or till the time FESCO remains in Public Sector due to the following reasons.

17.1. The Petitioner also provided the following adjustment mechanism of different components;

- ✓ Other Operating Expenses: All other expenses are increased by CPI-X during the entire tariff control period including Repair & Maintenance.
- ✓ The formula for determination of O&M Cost is given hereunder;

$$O\&M_t = [R\&M \text{ \& Other O\&M cost} \times \{1 + (CPI - X)\}] + \text{Pay \& Allowance} \\ + \text{Retirement benefit}$$

Where,

CPI = Consumer Price Index

X = Efficiency factor

- ✓ The O&M Cost has been bifurcated into salaries, wages & post- retirement benefit and other O&M Cost. Pay & Allowances and Post-Retirement benefits treated as directly passed through as per government increases, whereas, Repair & Maintenance & other O&M cost to be indexed with CPI

Mechanism for Other Income

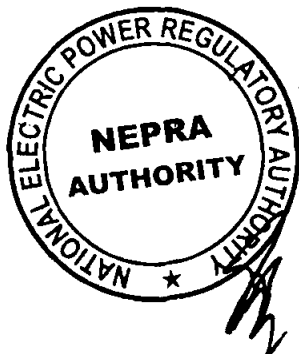
$$OI(Rev) = OI(1) + \{OI(1) - OI(0)\}$$

Where;

OI(Rev) = Revised Other Income for the Current Year

OI(1) = Actual Other Income as per latest Financial Statements.

OI(0) = Actual/Assessed Other Income used in the previous year.



Math - 9

17.2. Indexation / Adjustment Mechanism:

- 17.3. The allowed/ assessed components of Revenue Requirement of the Petitioner for the FY 2023-24 shall be adjusted/ indexed during the MYT control period, as per the following mechanism;
- 17.4. The Petitioner has submitted that O&M component shall be indexed with NCPI, however, efficiency factor "X" has been proposed as zero '0' for the Tariff Control Period.
- 17.5. The Authority, while assessing the O&M costs of the Petitioner i.e. rent, rates & taxes, collection expenses, repair & maintenance, travelling, transportation, management fee, and Audit Charges etc., has incorporated these costs in the reference cost, keeping in view the provisional accounts of the Petitioner for the FY 2022-23 and the amount requested by the Petitioner, to be adjusted in the remaining MYT control period as per the adjustment mechanism mentioned below. The risk / benefits of any future cost fluctuations thereof lies with the Petitioner along with an opportunity for optimizing overall costs under these head. The treatment is in line with the very spirit of multi- year tariff regime and in accordance with Authority's approved tariff methodology.
- 17.6. Regarding adjustment of O&M costs with the efficiency factor X, the Authority noted that the Petitioner although has proposed to index its O&M costs with NCPI minus X, however, at the same time it has been requested to keep the X-factor as zero. The Authority in line with its earlier decisions in the matter of MYTs, has decided to keep the efficiency factor "X", as 30% of increase in NCPI for the relevant year of the MYT control period. The Authority has further decided to implement the efficiency factor from the 3<sup>rd</sup> year of the control period, in order to provide the Petitioner with an opportunity to improve its operational performance, before sharing such gains with the consumers.
- 17.7. Reference O&M costs, would be adjusted every Year with CPI-X factor. However, the X factor would be applicable from the 3<sup>rd</sup> year of the MYT control period. The Adjustment mechanism would be as under;

$$O \& M (Rev) = O \& M (Ref) X [1 + (\Delta NCPI - X)]$$

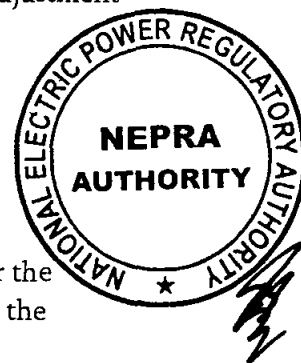
Where

O & M (Rev) = Revised O&M Expense for the Current Year

O & M (Ref) = Reference O&M Expense for the Reference Year

$\Delta$ NCPI = Change in NCPI published by Pakistan Bureau of Statistics for the month of December for the respective year. Reference NCPI for the purpose of future adjustment/ indexation shall be 29.47%.

X = Efficiency factor i.e. 30% of NCPI relevant for the purpose of indexation



18. Salaries & Wages and Post-retirement Benefits:

- 18.1. Considering the fact that employees of XWDISCOs are hired on Government pay scales, and any salary increase announced by the Federal Government in the Federal Budget is applicable on the employees of the Petitioner, therefore, being un-controllable cost, the Salaries & Wages and benefits, would be actualized, based on the audited accounts of the Petitioner for the relevant year for its existing employees. The impact of any such adjustment would allowed as part of PYA in the next indexation/ adjustment request or tariff determination as the case may be.

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- 18.2. Considering the fact that the Petitioner is obligated to pay to its pensioners, the pension increases announced by the Federal Government, therefore, being an un-controllable cost, the Post-retirement Benefits would be actualized based on the audited accounts of the Petitioner for the relevant year. The impact of any such adjustment would allowed as part of PYA in the next indexation/ adjustment request or tariff determination as the case may be. It would be mandatory for the Petitioner to deposit the whole amount of allowed Post retirement benefits into the separate Fund and route all its pension payments through the Fund. If the Petitioner fails to transfer the whole amount of postretirement benefits into the Fund, the same shall be adjusted/deducted in the subsequent tariff determination and from thereon, only actual amounts paid and amount transferred into the fund would be allowed.

19. Other Income

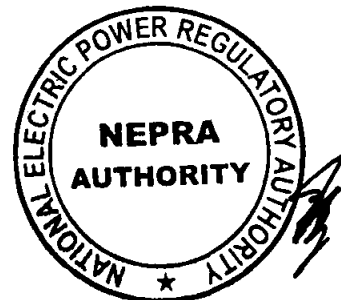
- 19.1. Other Income shall be adjusted annually as per the following mechanism during the MYT control period to calculate future Other Income.

Adjustment Mechanism - Other Income (OI)	
OI(Rev)	=OI(Allowed Previous year) + {OI(allowed for previous year) - OI(Actual previous year)}
FY 2023-24, proposed Other income may be considered as reference cost for future adjustment. In addition the allowed Other Income for previous year will be trued up based on actual Other Income during that year	

20. Whether the requested Prior Years Adjustment is justified?

- 20.1. The petitioner has requested Rs.24.9 billion under the head of PYA as detailed below;

SR. No	Description	PKR Mln
1	Less Allowed provision of Post-retirement Benefits FY 2021-22 charged to P&L	432
2	Under Recovery of Distribution Margin for FY 2021-22	1,817
3	Impact of Excess Depreciation for FY 2021-22	-892
4	Impact of Excess Other Income for FY 2020-21	1,861
5	Impact of Excess Other Income for FY 2021-22	-1,479
6	Supplier License Fee for FY 2021-22	33
7	Supplier License Fee for FY 2022-23	45
8	Un-favorable Consumer Mix Variance for FY 2020-21	1,381
9	Un-favorable Consumer Mix Variance for FY 2021-22	5,872
10	Minimum Tax paid for FY 2021-22	2,400
11	Supplemental charges From FY 2011 to 2014	6,186
12	Mark up on Syndicated Loan	165
13	Supplemental Charges from FY 2019 to 2022 over and above the LPS collected from the consumers.	7,076
14	Actual /Estimated payment to GENCO Pensioners from 10/2021 to 12/2022	86
TOTAL		24,983



- 20.2. The Petitioner provided the following justification for different costs requested under the head of PYA;

- ✓ Regarding less allowed provision for post-retirement benefits of FY 2021-22 charged to P&L the Petitioner has provided following details and requested to allow the same as PYA.

Description	PKR. Million
Actuarial Valuation Report	10,085
Allowed	9,653
(Excess)/Less	432

- ✓ Under/(Over) recovery of distribution Margin for FY 2021-22 the Petitioner has provided following details and requested to allow the same as PYA.

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(PKR. Million)													
Description	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Total
Units Purchased (Ref)	1,942	1,961	1,787	1,359	908	937	970	924	1,181	1,385	1,736	1,933	17,023
Units Sold (Ref)	1,770	1,788	1,629	1,239	828	854	884	842	1,077	1,263	1,583	1,762	15,518
Actual Units Purchased	1,890	1,995	1,729	1,421	999	1,009	978	934	1,341	1,640	1,860	1,715	17,512
Incremental Units Sold	108	136	120	153	143	80	82	72	95	73	67	101	1,229
Incremental Units Purchased	119	149	132	169	157	89	91	79	104	80	74	111	1,356
Net Units Purchased (W/O Incremental)	1,770	1,846	1,597	1,252	842	920	887	855	1,237	1,560	1,786	1,604	16,156
Standard Net Units Sold(W/O incremental)	1,605	1,673	1,448	1,135	763	834	804	775	1,122	1,414	1,619	1,454	14,647
Distribution Margin Allowed	3,691	3,727	3,396	2,583	1,726	1,781	1,844	1,756	2,245	2,632	3,299	3,674	32,353
Distribution Margin (Recovered)	3,346	3,488	3,018	2,366	1,591	1,740	1,677	1,615	2,338	2,949	3,376	3,031	30,536
Under/(over) Recovery	345	239	378	217	135	41	167	141	-94	-316	-77	643	1,817

- ✓ True up of depreciation expenses for FY 2021-22, the Petitioner has provided following details and requested to allow the same as PYA.

Description	PKR. Million
Depreciation Allowed	4,520
Depreciation Actual	3,628
(Excess)/Less Allowed	-892

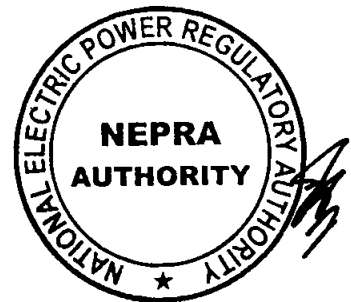
- ✓ True up of Other Income for FY 2020-21 & FY 2021-22, the Petitioner has provided following details and requested to allow the same as PYA.

Description	FY 2020-21	FY 2021-22
Other Income without LPS (Allowed)	6,739	4,215
Other Income without LPS (Actual)	4,878	5,694
(Excess)/Less Allowed	1,861	-1,479

- ✓ Regarding supplemental charges & Mark-up on syndicated loan for FY 2021-22, the Petitioner has provided following details and requested to allow the same as PYA.

Month	PKR. Million
Mar-22	73
Jun-22	92
Total	165

Month	Debit Memo No.	PKR. Million
Jul-21	LPS/Jul-21/FESCO	287
Aug-21	LPS/Aug-21/FESCO	284
Sep-21	LPS/Sep-21/FESCO	808
Oct-21	LPS/Oct-21/FESCO	842
Nov-21	LPS/Nov-21/FESCO	792
Dec-21	LPS/Dec-21/FESCO	425
Jan-22	LPS/Jan-21/FESCO	144
Feb-22	LPS/Feb-21/FESCO	84
Mar-22	LPS/Mar-21/FESCO	507
Apr-22	LPS/April-21/FESCO	252
May-22	LPS/May-21/FESCO	254
Jun-22	LPS/June-21/FESCO	467
	Total	5,146
	LPS Collected during FY 2021-22	2,620
	Sppl. Charges (billed by CPPA-G) in excess of LPS	2,527



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- ✓ Regarding supplier license fee the Petitioner has provided following details:

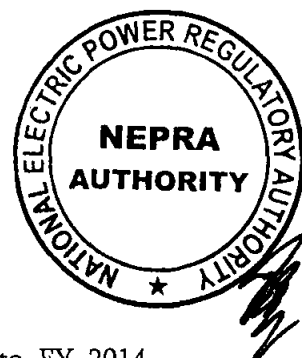
Description	2021-22	2022-23	Total
Supplier License Fee	33	45	78

- ✓ Regarding turn over Tax for FY 2021-22 the Petitioner has requested following amounts as PYA.

CPR No.	Date	PKR .Million
IT2021092901011687664	29/09/2021	700
IT2021122701011474045	27/12/2021	500
IT2022032901011556582	29/03/2022	450
IT2022062201011459416	22/06/2022	750
Total		2,400

- ✓ Sales Mix variance for FY 2020-21 & FY 2021-22, the Petitioner in its PYA has requested positive sales mix variance amount of Rs.1,381 million & Rs.5,872 million as sales mix variance for FY 2020-21 and FY 2021-22, respectively.

FY 2020-21					FY 2021-22				
Category	Actual Units Sold	Revenue As per Actual Mix	Revenue As per NEPRA Mix	Sale Mix	Category	Actual Units Sold	Revenue As per Actual Mix	Revenue As per NEPRA Mix	Sale Mix
1	2	3	4	5=(4-3)	1	2	3	4	5=(4-3)
Residential	7,061	100,690	95,802	-4,888	Residential	7,391	120,115	121,020	906
Commercial	770	12,016	10,713	-1,304	Commercial	848	14,144	14,155	11
Industrial	4,937	55,447	61,337	5,890	Industrial	5,822	70,652	76,887	6,235
Bulk Supply	238	3,307	4,456	1,148	Bulk Supply	214	3,509	4,649	1,141
Agricultural	1,268	17,245	16,008	-1,237	Agricultural	1,367	21,131	19,278	-1,853
Public Lighting	13	182	172	-10	Public Lighting	18	276	182	-94
Residential Colonies	5	70	75	6	Residential Colonies	5	78	91	13
General Services	209	2,983	4,758	1,775	General Services	255	3,398	2,911	-486
Total	14,501	191,940	193,320	1,381	Total	15,919	233,302	239,174	5,872



- ✓ FESCO in its PYA requested Supplemental charges from FY 2011 to FY 2014 amounting Rs.6.1 billion.
- ✓ Regarding Genco Pensioner the Petitioner in its PYA has requested positive amount of Rs.86 million on account of GENCO pensioners. The Authority allowed impact of GENCO pensioner to other XWDISCOs in decision dated 14.07.2023. In view thereof, the Authority may consider to allow requested amount of GENCO pensioner Rs. 86 million to FESCO as part of PYA.

S. No	GENCOs	Period	PKR Million
1	GENCO-I	10/2021 to 12/2022	3.82
2	GENCO-II	10/2021 to 12/2022	19.943
3	GENCO-III	10/2021 to 12/2022	60.142
4	GENCO-IV	10/2021 to 12/2022	2.375
5	Total Actual Payment		86

20.3. The Prior Year Adjustment includes the impact of variation in the following, based on the Authority's allowed benchmarks of T&D losses and recoveries;

- ✓ Difference between the actual PPP billed and the amount recovered by the DISCO.
- ✓ Difference between the assessed DM and the amount actually recovered.
- ✓ Difference between previously assessed PYA and the amount actually recovered.
- ✓ Difference between actual other income and the amount allowed

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✓ Variation due to Sales Mix.

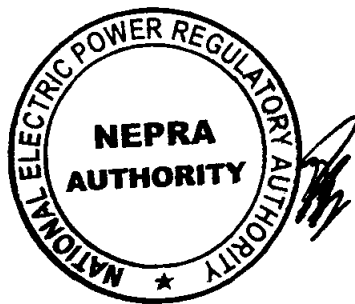
- 20.4. It is important to highlight that variation between the PPP billed to DISCOs by CPPA-G and the amount recovered by the DISCOs, based on the Authority's allowed benchmarks of T&D losses and recoveries, are being accounted for separately through Quarterly/Bi-Annual Adjustment mechanism, therefore, in the instant PYA, impact of any over/ under recovery of the allowed quarterly adjustments has been accounted for.
- 20.5. Regarding minimum tax/ turnover tax, the Authority has decided to provisionally allow actual tax payments as claimed in the petition, net off of the amount of Refund outstanding from FBR, if any and the amount already allowed by the Authority. Accordingly, an amount of Rs.2,400 million is hereby allowed to the Petitioner on account of minimum tax/ turnover tax. The amount being allowed on provisional basis, is subject to adjustment in subsequent tariff adjustment/indexation, once the audited accounts of the Petitioner till FY 2022-23 are provided.
- 20.6. Regarding under / over recovery of the quarterly adjustments, it is pertinent to mention that Quarterly adjustments are allowed to XWDISCOs based on projected sales for the period in which recovery is allowed. Therefore, any under/over recovery based on actual sales for the period (based on Authority's allowed benchmarks of T&D losses) viz a viz projected sales on which recovery was assumed, is trued up and any such under/Over recovery is made part of PYA. Accordingly, the under / over recovery against the allowed quarterly adjustments for the period FY 2019-20, FY 2020-21 & FY 2021-22 (upto 3<sup>rd</sup> qtr.) has been worked out as negative amount of Rs.2,675 million, after incorporating therein the impact of sales to Life line consumers. The same is hereby included as part of PYA.
- 20.7. Regarding under/ over recovery of allowed distribution margin, the Authority noted that XWDISCOs tariff are revenue cap tariff, and any under/over recovery on account of allowed Distribution Margin is adjusted as part of PYA. Accordingly, the Petitioner PYA is adjusted by positive amount of Rs.1,817 million on account of under/ over recovery of the allowed DM for the period FY 2021-22.
- 20.8. The Authority noted that the Petitioner while working out PYA regarding under/ over recovery of the allowed DM, has also included cost on account of actualization of Salaries & Wages and O&M costs. The Authority noted that no such provision is available in the Multi Year Tariff determination of the Petitioner regarding actualization of Salaries & Wages and O&M costs. In view thereof, the claimed adjustment for Pay & Allowance & O&M are not justified, hence declined.
- 20.9. Regarding supplemental charges, the Authority has not allowed Supplemental charges separately rather XWDISCOs are allowed to retain the amount of late Payment charges to off-set the impact of supplemental charges billed by CPPA-G. Here it is pertinent to mention that while accounting for LPS against Supplemental Charges, the Authority individually accounts for the amount of LPS against each DISCO's supplemental charges as per the decision of the Authority for the respective year. In view thereof, the request of the Petitioner is not acceded to.
- 20.10. On the issue of GENCO Pensioners' the Authority has decided to allow the impact of GENCO pensioner of Rs. 86 million to FESCO as part of PYA. Regarding NTDC pensioner the Authority in the matter of other XWDISCOs has decided as under;



*"Regarding NTDC Pensioners, the Petitioner is directed to submit a separate case before the Authority detailing all the facts and reasons along-with financial impact of NTDC Pensioners, as the Authority vide letter dated 17.11.2022, directed all DISCOs and WAPDA to ensure payments to the GENCO pensioners provisionally, in light of the ECC decision dated 23.09.2021."*

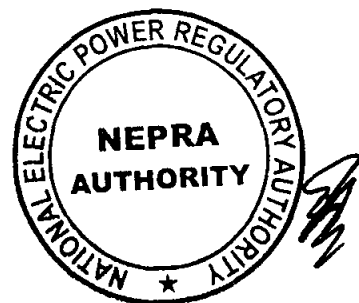
- 20.11. In light of above decision of the Authority, the Petitioner is also directed to submit a separate case before the Authority detailing all the facts and reasons along-with financial impact of NTDC Pensioners.
- 20.12. The Authority in line with its earlier decision in the matter of negative FCA, has calculated the impact of net negative FCA pertaining to the period from July 2020 to December 2022 in the matter of lifeline consumers, domestic consumers (consuming up-to 300 units) and Agriculture Consumers which has been retained by the Petitioner. The Authority also considered the relevant clauses of the S.R.O. 189 (1)/2015 dated March 05, 2015 issued by GoP and the amount of subsidy claims filed by the Petitioner for the period.
- 20.13. After considering all the aforementioned factors, the Authority observed that the Petitioner has retained a net amount of Rs.1,523 million on account of negative FCA for the period from July 2020 to December 2022, pertaining to the lifeline consumers, domestic consumers (consuming up to 300 units) and Agriculture Consumers, which is still lying with the Petitioner. The Authority further observed that as per the information for Tariff Differential Subsidy claims provided by Petitioner, it has net subsidy during the period from July 2020 to December 2022.
- 20.14. Consequently, the net amount of Rs.1,523 million retained by FESCO on account of ,negative FCA for the period from July 2020 to December 2022, pertaining to the lifeline consumers, domestic consumers (consuming up-to 300 Units) and Agriculture Consumers, which is still lying with the Petitioner, must be adjusted by the Federal Government, against the overall Tariff Differential Subsidy claim in the matter of the Petitioner eventually reducing GOP's overall Tariff Differential Subsidy burden.
- 20.15. Based on the discussion made in the preceding paras, the PYA of the Petitioner has been worked out as under;

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Description	FESCO
July 2020 to December 2022	
Impact of Negative FCA- retained	- 1,592
Impact of Positive FCA- Lifeline	69
Net	- 1,523
July 2020 to December 2022	
Tariff Diff. Subsidy	111,761
Surcharge	- 52,568
Net - Jul.20 to Mar. 23	59,193
Excess Negative FCA -Adjusted as subsidy	- 1,523
Excess Negative FCA -Adjusted as PYA	-
2nd & 3rd Qtr. FY 2019-20 (Oct.20 to Sep.21)	
Allowed Amount	23,226
Qtr. Rs./kWh	1.6612
Recovered	23,468
Under/(Over) Recovery	- 242
4th Qtr. FY 2019-20	
Allowed Amount	10,878
Qtr. Rs./kWh	0.7780
Recovered	12,102
Under/(Over) Recovery	- 1,224
1st & 2nd Qtr. FY 2020-21 (Oct. 21-Sept.22)	
Allowed Amount	8,385
Qtr. Rs./kWh	0.61
Recovered	9,503
Under/(Over) Recovery	- 1,118
3rd Qtr. FY 2020-21 (Oct.21-Sept.22)	
Allowed Amount	- 2,734
Qtr. Rs./kWh	- 0.1992
Recovered	- 3,099
Under/(Over) Recovery	364
4th Qtr. FY 2020-21 (Feb. Apr. 22)	
Allowed Amount	- 3,352
Qtr. Rs./kWh	- 1.1094
Recovered	- 3,647
Under/(Over) Recovery	295
1st Qtr. FY 2021-22 (Jun. Aug. 22)	
Allowed Amount	1,834
Qtr. Rs./kWh	0.5345
Recovered	2,481
Under/(Over) Recovery	- 647
2nd Qtr. FY 2021-22 (Jul. Sep. 22)	
Allowed Amount	5,080
Qtr. Rs./kWh	1.4809
Recovered	6,786
Under/(Over) Recovery	- 1,705



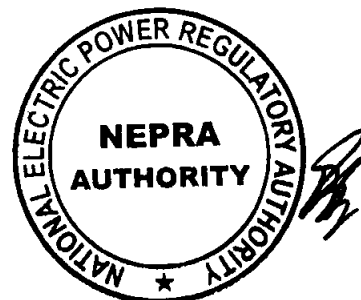
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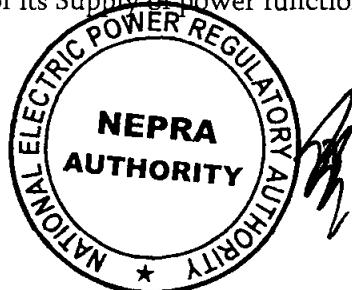
Determination of the Authority in the matter of MYT Petition  
of FESCO for Supply Tariff under the MYT Regime

Description	FESCO
<b>3rd Qtr. FY 2021-22 (Sep. Nov. 22)</b>	
Allowed Amount	199
Qtr. Rs./kWh	0.0579
Recovered	197
Under/(Over) Recovery	2
<b>4th Qtr. FY 2021-22 (Oct. 22 Jan. 23)</b>	
Allowed Amount	11,226
Qtr. Rs./kWh	2.9531
Recovered	10,619
Under/(Over) Recovery	607
<b>1st Qtr. FY 2022-23 (Feb. Mar. 23)</b>	
Allowed Amount	6,245
Qtr. Rs./kWh	3.2586
Recovered	5,251
Under/(Over) Recovery	994
<b>2nd Qtr. FY 2022-23 (Apr. Jun. 23)</b>	
Allowed Amount	4,574
Qtr. Rs./kWh	0.99
Recovered	
Under/(Over) Recovery	
<b>D.M FY 2021-22</b>	
Allowed Amount	32,353
Rate. Rs./kWh	2.00
Recovered	30,536
Under/(Over) Recovery	1,817
<b>PYA 2019-20</b>	
Allowed Amount	- 3,889
Rate. Rs./kWh	- 0.28
Sales till Feb.11 2022	- 14,237
Recovered	- 4,031
Under/(Over) Recovery	142
<b>MLR Allowed Cost</b>	
LPS	1,676
<b>Sales Mix Var.</b>	
FY 2019-20	
FY 2020-21	1,381
FY 2021-22	5,872
	7,253
<b>Excess LPS to be adjusted - FY 2020-21</b>	
LPS Recovered from Consumers	7,065
Supplemental charges billed by CPPA	4,547
Net	2,482
<b>Excess LPS to be adjusted - FY 2021-22</b>	
LPS Recovered from Consumers	2,359
Supplemental charges billed by CPPA	5,146
Net	2,788
<b>Adjustment in PYA</b>	
	-
<b>Other Costs - FY 2020-21 to FY 2022-23</b>	
Pay & Allowance FY 2023 Adjustment	
Turn over/Min. Tax	2,400
Supplier NEPRA Fee- FY 2021-22	33
Supplier NEPRA Fee- FY 2022-23	45
Genco Pensioners FY 2022 & FY 2023	86
NTDC Pensioners	
Total	2,564
<b>Total</b>	<b>10,778</b>
<b>MYT True Ups</b>	<b>FESCO</b>
<b>Depreciation</b>	
Allowed	4,204
Actual	3,111
Under/(Over) Recovery	1,093
<b>RoRB (Investment + KIBOR)</b>	
Allowed	6,254
Actual	4,569
Under/(Over) Recovery	1,685
<b>Other Income</b>	
Allowed	- 6,739
Actual	- 4,878
Under/(Over) Recovery	1,861
<b>FY 2021-22</b>	
<b>Depreciation</b>	
Allowed	4,520
Actual	2,726
Under/(Over) Recovery	1,794
<b>RoRB (Investment + KIBOR)</b>	
Allowed	5,559
Actual	5,605
Under/(Over) Recovery	46
<b>Other Income</b>	
Allowed	- 4,215
Actual	- 5,694
Under/(Over) Recovery	1,479
<b>Post Retirement Benefit - FY 2015-16 to FY 2022-23</b>	
Allowed	58,545
Amount paid to pensioner	40,344
Amount transferred to fund	17,679
amount already adjusted	522
Net Adjustment	-
Net Adjustment	-
<b>Total MYT True Ups</b>	<b>- 4,144</b>
<b>G. Total PYA FY 2021-22 &amp; FY 2022-23</b>	<b>6,634</b>



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- 20.16. The total amount of PYA as worked out above has been allocated in terms of Distribution and Supply Functions, as per the criteria adopted by the Petitioner itself. Accordingly, Other Income for the FY 2023-24 pertaining to the Supply of Power Function works out as Rs.6,149 million, which is hereby allowed.
21. Whether the existing fixed charges applicable to different consumer categories needs to be revised and requires any changes in mechanism for charging of such charges based on Actual MDI or Sanctioned Load or otherwise? Whether there should any Fixed Charges on consumer's categories who are currently not paying any fixed charges?
- 21.1. Regarding revision in applicable fixed charges on different consumer categories and change in mechanism of application of fixed charges based on actual MDI or sanctioned load or otherwise, the Authority noted that large number of stakeholders raised their concerns in the matter. The Authority considering such large representations of the stakeholders decided to initiate separate proceedings in this regard. Accordingly, a separate hearing in the matter was held on 06.06.2023. Therefore, any amendments/modification in the terms & conditions for application of fixed charges would be made based on the final outcome of the separate proceedings being carried out by the Authority.
22. Whether the existing Tariff Terms and Conditions needs to be modified (including the request of Cold Storage to charge "B Industrial Supply" Category tariff instead of "A-2 Commercial" category tariff), and keeping in view the amendments in Consumer Service Manual or otherwise?
- 22.1. The Authority has made the following changes in the Consumer Service Manual, which have already been intimated to all DISCOs vide letter dated December 14, 2022;
- For Industries
- The consumers may be allowed extension of load above 5MW to 7.5 MW from the DISCO's owned grid station subject to availability of load in the grid and capacity in the 11kV existing dedicated feeder. In such a case the consumer will bear 100% grid sharing charges including transmission line charges and 100% cost of land proportionate to load above 5MW to 7.5 MW.*
- 22.2. The above changes are required to be reflected in the Tariff terms & conditions, in the instant tariff Decisions/determinations of DISCOs.
- 22.3. Regarding request of Cold Storages to charge "B Industrial Supply" Category tariff instead of "A-2 Commercial" tariff, the Authority, considering large representations of the stakeholders decided to initiate separate proceedings in this regard. Accordingly, a separate hearing in the matter was held on 06.06.2023. Therefore, any amendments/modification in the terms & conditions for application of fixed charges would be made based on the final outcome of the separate proceedings being carried out by the Authority.
23. Order
- 23.1. In view of the discussion made in preceding paragraphs and accounting for the adjustments discussed above, the allowed revenue requirement of the Petitioner, for the FY 2023-24, to the extent of its Supply of power function (SoP) is summarized as under;

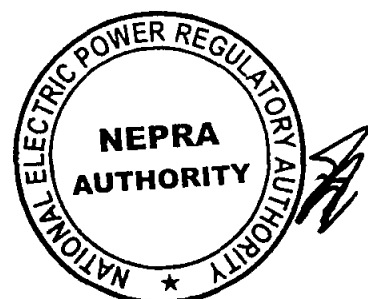


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Description	Unit	SoP
Units Received	[MkWh]	16,965
Units Sold	[MkWh]	15,482
Units Lost	[MkWh]	1,483
Units Lost	[%]	8.74%
Energy Charge		114,414
Capacity Charge		252,025
Transmission Charge & Market		20,326
Operation Fee		44,940
Wire Business UoS + PYA		44,940
<b>Power Purchase Price</b>	[Mln. Rs.]	<b>431,706</b>
Pay & Allowances		2,640
Post Retirement Benefits		4,055
Repair & Maintainance		50
Traveling allowance		
Vehicle maintenance		1,183
Other expenses		
<b>O&amp;M Cost</b>		<b>7,928</b>
Depreciation		-
RORB		-
O.Income		-
<b>Margin</b>	[Mln. Rs.]	<b>7,928</b>
Prior Year Adjustment		6,149
<b>Revenue Requirement</b>	[Mln. Rs.]	<b>445,784</b>
<b>Average Tariff</b>	[Rs./kWh]	<b>28.79</b>

- 23.2. Here it is pertinent to mention that the Authority allowed Interim Tariff to FESCO vide decision dated 14.07.2023, whereby FESCO was allowed a revenue requirement of Rs.430,330 million (including wire business cost) for its Supply Function for the FY 2023-24, subject to adjustment/ refund based on the final outcome of the MYT determination. The said interim tariff has since been notified by the GoP vide SRO dated 26.07.2023, to be effective from 01.07.2023.
- 23.3. As now, the Authority has determined the MYT of FESCO for the control period from FY 2023-24 to FY 2027-28, whereby a revenue requirement of Rs.445,784 million (including wire business cost) has been assessed for the Supply Function of the Petitioner for the FY 2023-24. Accordingly, the differential amount of Rs.15,454 million, shall be allowed as part of PYA in the subsequent adjustment / indexation determination of the Petitioner for the FY 2024-25 for both of its Distribution and supply function.
- 23.4. The Petitioner is directed to follow the following time lines for submission of its future indexation/adjustment during the MYT control period;

*made - 2*



Description	ADJUSTMENTS/ INDEXATION	TIME LINES	
Power Purchase Price	The Authority, keeping in view of any abnormal changes may review Power Purchase Price references along with any Quarterly adjustment		
Fuel Cost	Monthly, as per the approved mechanism. Impact of FCA on T&D losses would be adjusted on Quarterly basis.	Data to be provided by CPPA (G) by close of the month	
Variable O&M	Quarterly, as per the approved Quarterly adjustment mechanism.	Request to be furnished by the Petitioner not later than a period of 07 Days on Quarterly basis.	
Capacity Charges	Quarterly, as per the approved Quarterly adjustment mechanism.	Request to be furnished by the Petitioner not later than a period of 07 Days on Quarterly basis.	
Transmission /UOSC & MOF Charges	Quarterly, as per the approved Quarterly adjustment mechanism.	Request to be furnished by the Petitioner not later than a period of 07 Days on Quarterly basis.	
Margin			
Salaries, Wages & Benefits	Annually as per the mechanism given in the decision	Request to be submitted by Petitioner in February of every year, so that adjustment / indexation for the next year is determined in timely manner.	
Post-retirement Benefit			
Other operating expenses			
Depreciation			
Return on Regulatory Asset Base	Annually as per the mechanism given in the decision		
Other Income			
Prior Year Adjustment	Annually as per the mechanism given in the decision		
KIBOR	Bi-Annually, as per the decision		
Return on Equity (ROE)	No adjustment allowed over Reference ROE		
Spread	As per the mechanism in the decision		

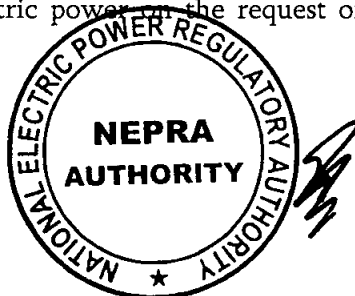
Ref. NCPI-General of December 2022 i.e. 29.47%

- 23.5. Faisalabad Electric Supply Company Limited (FESCO), being a Distribution as well as SoLR, is allowed to charge its consumers, the following "Use of system charge" (UOSC) for the FY 2023-24, or as amended by the Authority from time to time;

Description	For 132 kV only	For 11 kV only	For both 132kV & 11 kV
Asset Allocation	29.95%	43.01%	72.96%
Level of Losses	1.57%	5.77%	7.25%
UoSC Rs./kWh	1.01	1.68	2.76

- 23.6. Responsible to provide distribution/supply service within its service territory on a non-discriminatory basis to all the consumers who meet the eligibility criteria laid down by the Authority.
- 23.7. To make its system available for operation by any other licensee, consistent with applicable instructions established by the system operator.
- 23.8. To follow the performance standards laid down by the Authority for distribution and transmission of electric power, including safety, health and environmental protection instructions issued by the Authority or any Governmental agency [or Provincial Government];
- 23.9. To develop, maintain and publicly make available, with the prior approval of the Authority, an investment program for satisfying its service obligations and acquiring and selling its assets
- 23.10. To disconnect the provision of electric power to a consumer for default in payment of power charges or to a consumer who is involved in theft of electric power on the request of Licensee.

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23.11. The Petitioner shall comply with, all the existing or future applicable Rules, Regulations, orders of the Authority and other applicable documents as issued from time to time.

**24. Summary of Direction**

24.1. A summary of all directions passed in this determination by the Authority are reproduced hereunder. The Authority hereby directs the Petitioner to;

- i. To complete tagging of its assets.
- ii. To capitalize the cost of meters instead of expensing out.
- iii. To restrain from unlawful utilization of receipts against deposit works & security deposits, and to give clear disclosures in its Financial Statements with respect to the consumer financed spares and stores, work in progress and cash & bank balance.
- iv. To provide its working regarding under/(over) recovery of quarterly adjustments along-with break-up of units sold for each category, for each quarter, for consideration of the Authority.
- v. To submit the details of remedial measures taken by FESCO for the achievement of performance standards as laid down in NEPRA Performance Standards.
- vi. To clear all pending connections to its eligible consumers as specified in the Consumer Eligibility Criteria and Performance Standard Distribution Rules, 2005 and submit a detailed compliance report to NEPRA on a monthly basis.
- vii. DISCOs shall ensure Open Access to all the relevant entities/licensees without discrimination and shall objectively evaluate and make available on the website of DISCO the network available capacity, current allocation of the capacity and the future investment required to be made part of distribution system planning.
- viii. To take all possible measures to facilitate consumers in terms of complaint handling, connection provision as per CSM and establish one window solutions.
- ix. To submit its annual adjustment / indexation requests by February every year, so that adjustment / indexation for the next year is determined in timely manner

24.2. The Authority, keeping in view the amended NEPRA Act, 2018, whereby sale of electric power has been removed from the scope of distribution licenses and transferred to supply licensee, directed the Petitioner in its earlier tariff determinations to make organizational restructuring in terms of segregation of responsibilities of the Distribution and Sale functions, in order to ensure independent and transparent working of both these functions.

24.3. Since all the distribution companies are 100% owned by the GoP, therefore, DISCOs in consultation with GoP should develop a centralized restructuring plan and submit the same to NEPRA for consideration and necessary vetting for its compliance with NEPRA applicable documents.

24.4. The Authority observed that the Petitioner although in instant Petition has bifurcated its costs into Distribution and Supply of Power Functions, however, the petition was submitted with common accounts and both functions combined. No progress has been shared by the Petitioner in terms of its organizational restructuring. The Authority understands that a proper organization restructuring, is essential to improve the performance of the Petitioner and to ensure transparency for both functions. Therefore, the Petitioner is again directed that a restructuring plan in consultation with the Federal Government may be prepared, within the stipulated time.

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- 24.5. The Petitioner is directed to ensure compliance of the Authority's direction during the FY 2024-25 and submit its progress report along-with its annual adjustment/ indexation request for the FY 2025-26. In case of non-compliance by the Petitioner, the Authority shall start legal proceedings against the Petitioner under relevant rules and regulations, which may not be limited to imposing of fines but also initiate process for adjustment in the revenue requirement of the Petitioner.
25. It is pertinent to mention that as per the Authority's Determination dated July 14, 2023, the interim tariff allowed to the petitioner was subject to adjustment/ refund based on the final outcome of the MYT determination. However, it is crucial to note that the Uniform Tariff has been notified by the Federal Government taking into account the interim tariff (which is in effect and implemented) and any adjustment at this stage may result in process of redetermination of uniform tariff for FY 2023-24. This will lead to practical difficulties, considering that only a few months are left in FY 2023-24.
26. In view thereof, while being mindful of the interest of the consumers and companies providing electric power services in accordance with principles of transparency and impartiality as enshrined in section 7 (6) of the NEPRA Act, the differential net amount of Rs.15,454 million for Supply function (*including Rs.11,900 million for Distribution function*), shall be allowed as part of PYA in the subsequent adjustment/indexation determination of the Petitioner for the FY 2024-25 and for the FY 2023-24, the interim tariff notified by the GOP vide SRO dated 26.07.2023, will remain effective.
27. The determination of the Authority including Annex-I, I-A, II, III, IV and V annexed with the determination, is hereby intimated to the Federal Government in terms of section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act 1997.

AUTHORITY

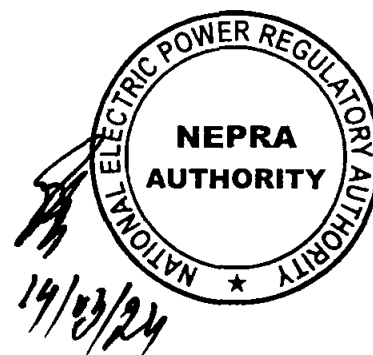
\_\_\_\_\_  
Mathar Niaz Rana (nsc)  
Member

\_\_\_\_\_  
Rafique Ahmed Shaikh  
Member

\_\_\_\_\_  
Engr. Maqsood Anwar Khan  
Member

\_\_\_\_\_  
Amina Ahmed  
Member

\_\_\_\_\_  
Waseem Mukhtar  
Chairman



**FUEL PRICE ADJUSTMENT MECHANISM**

Actual variation in fuel cost component against the reference fuel cost component for the corresponding months will be determined according to the following formula

$$\text{Fuel Price variation} = \text{Actual Fuel Cost Component} - \text{Reference Fuel Cost Component}$$

Where:

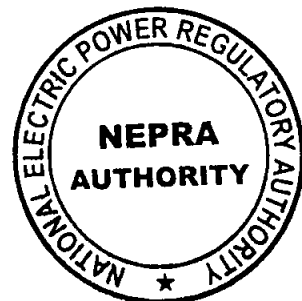
Fuel Price variation is the difference between actual and reference fuel cost component

Actual fuel cost component is the fuel cost component in the pool price on which the DISCOs will be charged by CPPA (G) in a particular month; and

Reference fuel cost component is the fuel cost component for the corresponding month projected for the purpose of tariff determination as per Annex-IV of the determination;

The fuel price adjustment determined by the Authority shall be shown separately in the bill of the consumer and the billing impact shall be worked out on the basis of consumption by the consumer in the respective month.

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### QUARTERLY ADJUSTMENT MECHANISM

Quarterly adjustment shall be the Actual variation in Power Purchase Price (PPP), excluding Fuel Cost Component, against the reference Power Purchase Price component and the impact of T&D losses on FCA, for the corresponding months and shall be determined according to the following formula;

$$\text{Quarterly PPP}_{(Adj)} = \text{PPP}_{(Actual)} (\text{excluding Fuel cost}) - \text{PPP}_{(Recovered)} (\text{excluding Fuel cost})$$

Where;

PPP<sub>(Actual)</sub> is the actual cost, excluding Fuel cost, invoiced by CPPA-G to XWDISCOs, adjusted for any cost disallowed by the Authority.

PPP<sub>(Recovered)</sub> is the amount recovered based on reference rate in Rs./kWh, excluding fuel cost, as per the Annex-IV of the XWDISCOs determination that remained notified during the period.

#### Impact of T&D losses on FCA

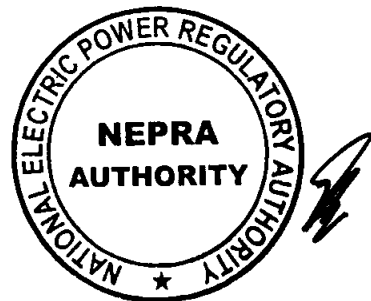
$$= \text{Monthly FCA allowed}_{(Rs./kWh)} \times \text{Actual units Purchase} \times \% \text{ T\&D losses}$$

Where;

Monthly FCA allowed <sub>(Rs./kWh)</sub> is the FCA allowed by the Authority for the respective months of the concerned period.

T&D Loss % is percentage of T&D losses that remained notified during the period.

The sum of amounts so worked for each month of the Quarter shall be divided by the Projected units to be sold as determined by the Authority to work out Rs./kWh Quarterly adjustment.



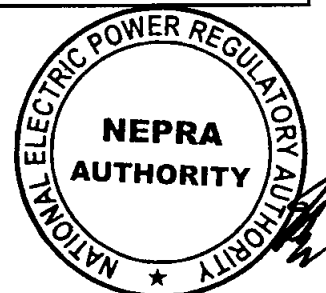


**Faisalabad Electric Supply Company (FESCO)**  
**Estimated Sales Revenue on the Basis of New Tariff**

Description		Sales	Revenue			Base Tariff		PYA 2022		Total Tariff			
		GWh	Fixed Charge	Variable Charge	Total	Fixed Charge	Variable Charge	Amount	Variable Charge	Fixed Charge	Variable Charge		
												Min. Rs.	Rs./kW/ M
Residential													
For peak load requirement less than 5 kW													
Protected	Up to 50 Units - Life Line	9	-	64	64		7.00					7.00	
	51-100 units - Life Line	9		103	103		11.74					11.74	
	01-100 Units	1871	-	23,841	23,841		12.74	786	0.42			13.16	
	101-200 Units	372	-	5,606	5,606		15.06	164	0.44			15.50	
Un-Protected	01-100 Units	472		9,290	9,290		19.68	203	0.43			20.11	
	101-200 Units	1187		29,855	29,855		25.15	510	0.43			25.58	
	201-300 Units	1488	-	42,165	42,165		28.34	640	0.43			28.77	
	301-400 Units	585	-	18,569	18,569		31.73	252	0.43			32.16	
	401-500 Units	280		9,511	9,511		33.94	120	0.43			34.37	
	501-600 Units	152		5,374	5,374		35.36	65	0.43			35.79	
	601-700Units	108		3,935	3,935		36.50	46	0.43			36.93	
	Above 700 Units	179	-	7,408	7,408		41.42	77	0.43			41.85	
For peak load requirement exceeding 5 kW)		0											
Time of Use (TOU) - Peak		32	-	1,311	1,311		40.59	14	0.43			41.02	
Time of Use (TOU) - Off-Peak		135	-	4,633	4,633		34.27	58	0.43			34.70	
Temporary Supply		1	-	38	38		40.73	0	0.43			41.16	
Total Residential		6,881	-	161,703	161,703			2,936					
Commercial - A2													
For peak load requirement less than 5 kW		386	-	14,023	14,023		36.35	166	0.43			36.78	
For peak load requirement exceeding 5 kW													
Regular		0	0	8	8	500	38.03	0	0.43	500		38.46	
Time of Use (TOU) - Peak		80	-	3,203	3,203		39.95	34	0.43			40.38	
Time of Use (TOU) - Off-Peak		325	1,107	11,035	12,142	500	33.91	140	0.43	500		34.34	
Temporary Supply		26	-	963	963		36.74	11	0.43			37.17	
Electric Vehicle Charging Station		0	-	5	5		31.10	0	0.43			31.53	
Total Commercial		818	1,107	29,237	30,344			352					
General Services-A3		241	-	8,640	8,640		35.92	103	0.43			36.35	
Industrial													
B1		37	-	1,229	1,229		32.91	16	0.43			33.34	
B1 Peak		55	-	1,989	1,989		36.47	23	0.43			36.90	
B1 Off Peak		309	-	9,549	9,549		30.91	133	0.43			31.34	
B2		0	0	0	0	500	32.41	0	0.43	500		32.84	
B2 - TOU (Peak)		338	-	12,296	12,296		36.41	145	0.43			36.84	
B2 - TOU (Off-peak)		1886	4,159	57,904	62,063	500	30.70	811	0.43	500		31.13	
B3 - TOU (Peak)		337		12,286	12,286		36.41	145	0.43			36.84	
B3 - TOU (Off-peak)		1788	2,581	54,746	57,327	460	30.61	769	0.43	460		31.04	
B4 - TOU (Peak)		186		6,778	6,778		36.41	80	0.43			36.84	
B4 - TOU (Off-peak)		1097	1,557	33,470	35,026	440	30.51	472	0.43	440		30.94	
Temporary Supply		28	-	949	949		33.99	12	0.43			34.42	
Total Industrial		6,062	8,297	191,196	199,493			2,607					
Single Point Supply													
C1(a) Supply at 400 Volts-less than 5 kW		0	-	4	4		37.03	0	0.43			37.46	
C1(b) Supply at 400 Volts-exceeding 5 kW		1	2	33	35	500	36.53	0	0.43	500		36.96	
Time of Use (TOU) - Peak		3	-	107	107		39.95	1	0.43			40.38	
Time of Use (TOU) - Off-Peak		14	29	451	480	500	33.35	6	0.43	500		33.78	
C2 Supply at 11 kV		0	0	2	2	460	36.33	0	0.43	500		36.76	
Time of Use (TOU) - Peak		17	-	695	695		39.95	7	0.43			40.38	
Time of Use (TOU) - Off-Peak		86	155	2,836	2,991	460	33.15	37	0.43	460		33.58	
C3 Supply above 11 kV		3	18	94	112	440	36.23	1	0.43	440		36.66	
Time of Use (TOU) - Peak		14	-	576	576		39.95	6	0.43			40.38	
Time of Use (TOU) - Off-Peak		67	116	2,214	2,330	440	33.05	29	0.43	440		33.48	
Total Single Point Supply		204	321	7,012	7,333			88					
Agricultural Tube-wells - Tariff D													
Scarp		14	-	452	452		33.03	6	0.43			33.46	
Time of Use (TOU) - Peak		3	-	103	103		35.95	1	0.43			36.38	
Time of Use (TOU) - Off-Peak		33	16	936	952	200	28.70	14	0.43	200		29.13	
Agricultural Tube-wells		0	0	0	0	200	22.70	0	0.43	200		23.13	
Time of Use (TOU) - Peak		176	-	3,986	3,986		22.70	76	0.43			23.13	
Time of Use (TOU) - Off-Peak		1029	1,973	23,365	25,338	200	22.70	443	0.43	200		23.13	
Total Agricultural		1,254	1,990	28,842	30,832			539					
Public Lighting - Tariff G		18	-	640	640		36.01	8	0.43			36.44	
Residential Colonies		5	-	165	165		36.01	2	0.43			36.44	
Grand Total		15,481.83	11,714	427,435	439,150			6,634					

Note: The PYA 2022 column shall cease to exist after 1 year of notification of the instant decision.

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**SCHEDULE OF ELECTRICITY TARIFFS  
FOR FAISALABAD ELECTRIC SUPPLY COMPANY (FESCO)**

**A-1 GENERAL SUPPLY TARIFF - RESIDENTIAL**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2022		Total Variable Charges	
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh	
		A	B		C		D	
	a) For Sanctioned load less than 5 kW	-	7.00		-		7.00	
	i Up to 50 Units - Life Line	-	11.74		-		11.74	
	ii 51 - 100 Units - Life Line	-	12.74		0.42		13.16	
	iii 001 - 100 Units	-	15.06		0.44		15.50	
	iv 101 - 200 Units	-	19.68		0.43		20.11	
	v 001 - 100 Units	-	25.15		0.43		25.58	
	vi 101 - 200 Units	-	28.34		0.43		28.77	
	vii 201 - 300 Units	-	31.73		0.43		32.16	
	viii 301 - 400 Units	-	33.94		0.43		34.37	
	ix 401 - 500 Units	-	35.36		0.43		35.79	
	x 501 - 600 Units	-	36.50		0.43		36.93	
	xi 601 - 700 Units	-	41.42		0.43		41.85	
	xii Above 700 Units	-						
	b) For Sanctioned load 5 kW & above	-						
	Time Of Use	-	Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
			40.59	34.27	0.43	0.43	41.02	34.70

As per Authority's decision only protected residential consumers will be given the benefit of one previous slab.

As per Authority's decision, residential life line consumer will not be given any slab benefit.

Under tariff A-1, there shall be minimum monthly customer charge at the following rates even if no energy is consumed.

a) Single Phase Connections:

Rs. 75/- per consumer per month

b) Three Phase Connections:

Rs. 150/- per consumer per month

**A-2 GENERAL SUPPLY TARIFF - COMMERCIAL**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2022		Total Variable Charges	
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh	
		A	B		C		D	
	a) For Sanctioned load less than 5 kW	-	36.35		0.43		36.78	
	b) For Sanctioned load 5 kW & above	500.00	38.03		0.43		38.46	
	c) Time Of Use	500.00	Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
	d) Electric Vehicle Charging Station		39.95	33.91	0.43	0.43	40.38	34.34
				31.10		0.43		31.53

Under tariff A-2 (a), there shall be minimum monthly charges at the following rates even if no energy is consumed.

a) Single Phase Connections:

Rs. 175/- per consumer per month

Fixed Charges shall be billed based on 50% of sanctioned Load or Actual MDI for the month which ever is higher. In such case there would be no minimum monthly charges even if no energy is consumed.

**A-3 GENERAL SERVICES**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2022		Total Variable Charges	
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh	
		A	B		C		D	
	a) General Services	-	35.92		0.43		36.35	

Under tariff A-3, there shall be minimum monthly charges at the following rates even if no energy is consumed.

a) Single Phase Connections:

Rs. 175/- per consumer per month

b) Three Phase Connections:

Rs. 350/- per consumer per month

**B INDUSTRIAL SUPPLY TARIFFS**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2022		Total Variable Charges	
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh	
		A	B		C		D	
B1	Upto 25 kW (at 400/230 Volts)	-	32.91		0.43		33.34	
B2(a)	exceeding 25-500 kW (at 400 Volts)	500.00	32.41		0.43		32.84	
	Time Of Use		Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
B1 (b)	Up to 25 KW		36.47	30.91	0.43	0.43	36.90	31.34
B2(b)	exceeding 25-500 kW (at 400 Volts)	500.00	36.41	30.70	0.43	0.43	36.84	31.13
B3	For All Loads up to 5000 kW (at 11.33 kV)	460.00	36.41	30.61	0.43	0.43	36.84	31.04
B4	For All Loads (at 66,132 kV & above)	440.00	36.41	30.51	0.43	0.43	36.84	30.94

For B1 & B1(b) consumers there shall be a fixed minimum charge of Rs. 350 per month.

Fixed Charges shall be billed based on 50% of sanctioned Load or Actual MDI for the month which ever is higher. In such case there would be no minimum monthly charges even if no energy is consumed.

**C - SINGLE-POINT SUPPLY**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2022		Total Variable Charges	
		Rs/kW/M	Rs/kWh		Rs/kWh		Rs/kWh	
		A	B		C		D	
C-1	For supply at 400/230 Volts	-						
	a) Sanctioned load less than 5 kW	-	37.03		0.43		37.46	
	b) Sanctioned load 5 kW & up to 500 kW	500.00	36.53		0.43		36.96	
C-2(a)	For supply at 11.33 kV up to and including 5000 kW	460.00	36.33		0.43		36.76	
C-3(a)	For supply at 66 kV & above and sanctioned load above 5000 kW	440.00	36.23		0.43		36.66	
	Time Of Use		Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
C-1(c)	For supply at 400/230 Volts 5 kW & up to 500 kW	500.00	39.95	33.35	0.43	0.43	40.38	33.78
C-2(b)	For supply at 11.33 kV up to and including 5000 kW	460.00	39.95	33.15	0.43	0.43	40.38	33.58
C-3(b)	For supply at 66 kV & above and sanctioned load above 5000 kW	440.00	39.95	33.05	0.43	0.43	40.38	33.48

Fixed Charges shall be billed based on 50% of sanctioned Load or Actual MDI for the month which ever is higher.

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**SCHEDULE OF ELECTRICITY TARIFFS  
FOR FAISALABAD ELECTRIC SUPPLY COMPANY (FESCO)  
D - AGRICULTURE TARIFF**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2022		Total Variable Charges	
		Rs/kW/M A	Rs/kWh B		Rs/kWh C		Rs/kWh D	
D-1(a)	SCARP less than 5 kW	-	33.03		0.43		33.46	
D-2 (a)	Agricultural Tube Wells	200.00	22.70		0.43		23.13	
D-1(b)	SCARP 5 kW & above	200.00	Peak	Off-Peak	Peak	Off-Peak	Peak	Off-Peak
D-2 (b)	Agricultural 5 kW & above	200.00	35.95	28.70	0.43	0.43	36.38	29.13
			22.70	22.70	0.43	0.43	23.13	23.13

Under this tariff, there shall be minimum monthly charges Rs.2000/- per consumer per month, even if no energy is consumed.

Note:- The consumers having sanctioned load less than 5 kW can opt for TOU metering.

**E - TEMPORARY SUPPLY TARIFFS**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2022		Total Variable Charges	
		Rs/kW/M A	Rs/kWh B		Rs/kWh C		Rs/kWh D	
E-1(i)	Residential Supply	-	40.73		0.43		41.16	
E-1(ii)	Commercial Supply	-	36.74		0.43		37.17	
E-2	Industrial Supply	-	33.99		0.43		34.42	

For the categories of E-1(i&ii) above, the minimum bill of the consumers shall be Rs. 50/- per day subject to a minimum of Rs.500/- for the entire period of supply, even if no energy is consumed.

**F - SEASONAL INDUSTRIAL SUPPLY TARIFF**

125% of relevant industrial tariff

Note: Tariff-F consumers will have the option to convert to Regular Tariff and vice versa. This option can be exercised at the time of a new connection or at the beginning of the season. Once exercised, the option remains in force for at least one year.

**G- PUBLIC LIGHTING**

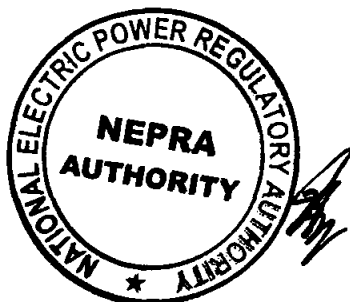
Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2022		Total Variable Charges	
		Rs/kW/M A	Rs/kWh B		Rs/kWh C		Rs/kWh D	
	Street Lighting	-	36.01		0.43		36.44	

Under Tariff G, there shall be a minimum monthly charge of Rs.500/- per month per kW of lamp capacity installed.

**H - RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES**

Sr. No.	TARIFF CATEGORY / PARTICULARS	FIXED CHARGES	VARIABLE CHARGES		FYA 2022		Total Variable Charges	
		Rs/kW/M A	Rs/kWh B		Rs/kWh C		Rs/kWh D	
	Residential Colonies attached to industrial premises	-	36.01		0.43		36.44	

Note: The FYA 2022 column shall cease to exist after One (01) year of notification of the instant decision.



Description	July	August	September	October	November	December	January	February	March	April	May	June	Total
Units Purchased by DISCOs (GWh)	2,037	2,108	1,901	1,265	991	928	913	861	973	1,297	1,777	1,913	16,965

Rs./kWh

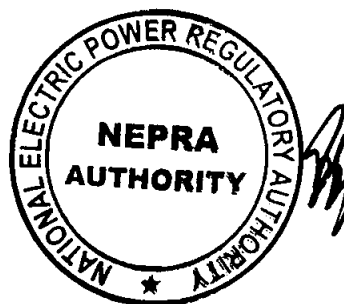
Fuel Cost Component	6.8935	6.6457	7.0711	7.8938	4.7831	5.4031	7.4894	4.4337	6.4417	5.4918	5.7090	7.1403	6.4302
Variable O&M	0.3123	0.3073	0.3166	0.3949	0.3237	0.2866	0.3193	0.2330	0.3145	0.3178	0.3037	0.3169	0.3141
Capacity	10.6579	10.3836	11.3315	15.7822	22.8477	22.1862	17.9284	22.0428	19.3877	17.2432	13.2080	12.3537	14.8560
UoSC	0.8544	0.8324	0.9084	1.3054	1.8897	1.8350	1.5621	1.9206	1.6893	1.2789	0.9796	0.9163	1.1981
Total PPP in Rs./kWh	18.7181	18.1690	19.6276	25.3763	29.8443	29.7110	27.2993	28.6301	27.8331	24.3317	20.2004	20.7272	22.7985

Rs. in million

Fuel Cost Component	14,045	14,012	13,440	9,984	4,739	5,016	6,837	3,819	6,269	7,124	10,144	13,656	109,086
Variable O&M	636	648	602	499	321	266	292	201	306	412	540	606	5,329
Capacity	21,715	21,893	21,538	19,961	22,635	20,598	16,367	18,987	18,868	22,367	23,469	23,628	252,025
UoSC	1,741	1,755	1,727	1,651	1,872	1,704	1,426	1,654	1,644	1,659	1,741	1,752	20,326
Total PPP in Rs.Mln	38,137	38,308	37,306	32,095	29,566	27,585	24,922	24,661	27,087	31,562	35,893	39,643	386,766

It is clarified that PPP is pass through for all the DISCOs and its monthly references would continue to exist irrespective of the financial year, unless the new SOT is revised and notified by the GoP

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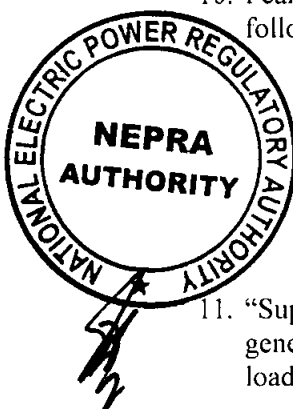
**TERMS AND CONDITIONS OF TARIFF  
(FOR SUPPLY OF ELECTRIC POWER TO CONSUMERS BY LICENSEES)**

**PART-I**

**GENERAL DEFINITIONS**

The Company, for the purposes of these terms and conditions means FESCO engaged in the business of distribution/supply of electricity within the territory mentioned in the licence granted to it for this purpose.

1. "Month or Billing Period", unless otherwise defined for any particular tariff category, means a billing month of 30 days or less reckoned from the date of last meter reading.
2. "Minimum Charge", means a charge to recover the costs for providing customer service to consumers even if no energy is consumed during the month.
3. "Fixed Charge" means the part of sale rate in a two-part tariff to be recovered on the basis of "Billing Demand" in kilowatt on monthly basis.
4. "Billing Demand" means the 50% of the sanction load or Actual maximum demand recorded in a month, whichever is higher, except in the case of agriculture tariff D2 where "Billing Demand" shall mean the sanctioned load.
5. "Variable Charge" means the sale rate per kilowatt-hour (kWh) as a single rate or part of a two-part tariff applicable to the actual kWh consumed by the consumer during a billing period.
6. "Maximum Demand" where applicable, means the maximum of the demand obtained in any month measured over successive periods each of 30 minutes' duration except in the case of consumption related to Arc Furnaces, where "Maximum Demand" shall mean the maximum of the demand obtained in any month measured over successive periods each of 15 minutes' duration.
7. "Sanctioned Load" where applicable means the load in kilowatt as applied for by the consumer and allowed/authorized by the Company for usage by the consumer.
8. "Power Factor" means the ratio of kWh to KVAh recorded during the month or the ratio of kWh to the square root of sum of square of kWh and kVARh,.
9. Point of supply means metering point where electricity is delivered to the consumer.
10. Peak and Off Peak hours for the application of Time Of Use (TOU) Tariff shall be the following time periods in a day:



**\* PEAK TIMING**

**OFF-PEAK TIMING**

Dec to Feb (inclusive)	5 PM to 9 PM	Remaining 20 hours of the day
Mar to May (inclusive)	6 PM to 10 PM	-do-
June to Aug (inclusive)	7 PM to 11 PM	-do-
Sept to Nov (inclusive)	6 PM to 10 PM	-do-

\* To be duly adjusted in case of day light time saving

11. "Supply", means the supply for single-phase/three-phase appliances inclusive of both general and motive loads subject to the conditions that in case of connected or sanctioned load 5 kW and above supply shall be given at three-phase.
12. "Consumer" as defined in NEPRA Act.
13. "Charitable Institution" means an institution, which works for the general welfare of the public on no profit basis and is registered with the Federal or Provincial Government as such and has been issued tax exemption certificate by Federal Board of Revenue (FBR).

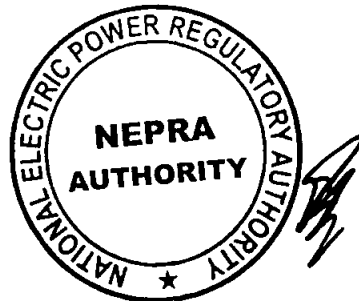
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14. NTDC means the National Transmission and Despatch Company.
15. CPPA(G) means Central Power Purchasing Agency Guarantee Limited (CPPA)(G).
16. The "Authority" means "The National Electric Power Regulatory Authority (NEPRA)" constituted under the Regulation of Generation, Transmission and Distribution of Electric Power Act.

#### **GENERAL CONDITIONS**

1. "The Company shall render bills to the consumers on a monthly basis or less on the specific request of a consumer for payment by the due date.
2. The Company shall ensure that bills are delivered to consumers at least seven days before the due date. If any bill is not paid by the consumer in full within the due date, a Late Payment Charge of 10% (ten percent) shall be levied on the amount billed excluding Govt. tax and duties etc. In case bill is not served at least seven days before the due date then late payment surcharge will be levied after 7<sup>th</sup> day from the date of delivery of bill.
3. The supply provided to the consumers shall not be available for resale.
4. In the case of two-part tariff average Power Factor of a consumer at the point of supply shall not be less than 90%. In the event of the said Power factor falling below 90%, the consumer shall pay a penalty of two percent increase in the fixed charges determined with reference to maximum demand during the month corresponding to one percent decrease in the power factor below 90%.

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## PART-II

### (Definitions and Conditions for supply of power specific to each consumer category)

#### A-1 RESIDENTIAL

##### Definition

"Life Line Consumer" means those residential consumers having single phase electric connection with a sanctioned load up to 1 kW.

The lifeline consumers to include residential Non-Time of Use (Non-ToU) consumers having maximum of last twelve months and current month's consumption  $\leq 100$  units; two rates for  $\leq 50$  and  $\leq 100$  units will continue.

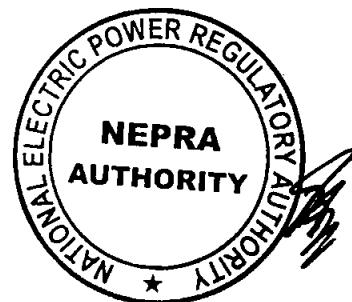
"Protected consumers" mean Non-ToU residential consumers consuming  $\leq 200$  kWh per month consistently for the past 6 months.

Residential Non-ToU consumers not falling under the protected category would be categorized under "Un-protected consumer category".

1. This Tariff is applicable for supply to;
  - i) Residences,
  - ii) Places of worship,
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. A-1(a) tariff.
3. All new consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and shall be billed on the basis of tariff A-1(b) as set out in the Schedule of Tariff.
4. All existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and converted to A- 1(b) Tariff by the Company.

#### A-2 COMMERCIAL

1. This tariff is applicable for supply to commercial offices and commercial establishments such as:
  - i) Shops/Flower Nurseries/Cold Storage
  - ii) Hotels, Hostels and Restaurants,
  - iii) Petrol Pumps and Service Stations,
  - iv) Compressed Natural Gas filling stations,
  - v) Private Hospitals/Clinics/Dispensaries,
  - vi) Places of Entertainment, Cinemas, Theaters, Clubs;
  - vii) Guest Houses/Rest Houses,
  - viii) Office of Lawyers, Solicitors, Law Associates and Consultants etc.
  - ix) Electric Vehicle Charging Stations (EVCS)
2. Electric Vehicle Charging Stations shall be billed under A-2(d) tariff i.e. Rs./kWh for peak and off-peak hours. For the time being, the tariff design is with zero fixed charges, however, in future the Authority after considering the ground situation may design its tariff structure on two part basis i.e. fixed charges and variable charges.



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3. The Electric Vehicle Charging Station shall provide "charging service" to Electric Vehicle shall provide charging service to Electric Vehicles as per the applicable tariff for EVCS plus Rs.24.44/kWh as margin for EVCS. The EVCS shall be billed by DISCOS under A-2(d) tariff. However, monthly FCAs either positive or negative shall not be applicable on EVCS.
4. Consumers under tariff A-2 having sanctioned load of less than 5 kW shall be billed under a Single-Part kWh rate A-2(a)
5. All existing consumers under tariff A-2 having sanctioned load 5 kW and above shall be billed on A-2(b) tariff till such time that they are provided T.O.U metering arrangement; thereafter such consumers shall be billed on T.O.U tariff A-2(c).
6. The existing and prospective consumers having load of 5 kW and above shall be provided T.O.U metering arrangement and shall be billed under tariff A-2(c).

### A-3 GENERAL SERVICES

1. This tariff is applicable to;
  - i. Approved religious and charitable institutions
  - ii. Government and Semi-Government offices and Institutions
  - iii. Government Hospitals and dispensaries
  - iv. Educational institutions
  - v. Water Supply schemes including water pumps and tube wells other than those meant for the irrigation or reclamation of Agriculture land.

Consumers under General Services (A-3) shall be billed on single-part kWh rate i.e. A-3(a) tariff.

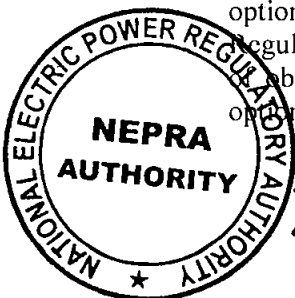
### B INDUSTRIAL SUPPLY

#### Definitions

1. "Industrial Supply" means the supply for bona fide industrial purposes in factories including the supply required for the offices inside the premises and for normal working of the industry.
2. For the purposes of application of this tariff an "Industry" means a bona fide undertaking or establishment engaged in manufacturing, value addition and/or processing of goods.
3. This Tariff shall also be available for consumers having single-metering arrangement such as;
  - i) Poultry Farms
  - ii) Fish Hatcheries, fish farms, fish nurseries & Breeding Farms and
  - iii) Software houses

#### Conditions

An industrial consumer shall have the option, to switch over to seasonal Tariff-F, provided his connection is seasonal in nature as defined under Tariff-F, and he undertakes to abide by the terms and conditions of Tariff-F and pays the difference of security deposit rates previously deposited and those applicable to tariff-F at the time of acceptance of option for seasonal tariff. Seasonal tariff will be applicable from the date of commencement of the season, as specified by the customers at the time of submitting the option for Tariff-F. Tariff-F consumers will have the option to convert to corresponding Regular Industrial Tariff category and vice versa. This option can be exercised at the time obtaining a new connection or at the beginning of the season. Once exercised, the option will remain in force for at least one year.



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**B-1 SUPPLY AT 400 VOLTS THREEPHASE AND/OR 230 VOLTS SINGLE PHASE**

1. This tariff is applicable for supply to Industries having sanctioned load upto 25 kW.
2. Consumers having sanctioned load upto 25 kW shall be billed on single-part kWh rate.
3. Consumers under tariff B-1 having sanctioned load of less than 5 kW shall be billed under a Single-Part kWh rate. However, B-1 consumers having sanctioned load of less than 5 kW may opt for ToU meter
4. The existing and prospective consumers having load of 5 kW and above shall be provided T.O.U metering arrangement and shall be billed under tariff B1(b).

**B-2 SUPPLY AT 400 VOLTS**

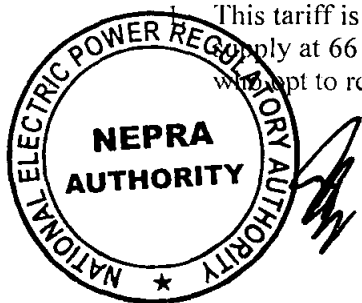
1. This tariff is applicable for supply to Industries having sanctioned load of more than 25 kW up to and including 500 kW.
2. All existing consumers under tariff B-2 shall be provided T.O.U metering arrangement by the Company and converted to B-2(b) Tariff.
3. All new applicants i.e. prospective consumers applying for service to the Company shall be provided T.O.U metering arrangement and charged according to the applicable T.O.U tariff.

**B-3 SUPPLY AT 11 kV AND 33 kV**

1. This tariff is applicable for supply to Industries having sanctioned load of more than 500 kW up to and including 5 MW and also for Industries having sanctioned load of 500 kW or below who opt for receiving supply at 11 kV or 33 kV.
2. The consumers may be allowed extension of load above 5MW to 7.5MW from the DISCO's owned grid station subject to availability of load in the grid and capacity in the 11kV existing dedicated feeder. In such a case the consumer will bear 100% grid sharing charges including transmission line charges and 100% cost of land proportionate to load above 5MW to 7.5 MW. While allowing extension in load, the DISCOs shall ensure that no additional line losses are incurred and additional loss, if any, shall be borne by the respective consumers.
3. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
4. The supply under this Tariff shall not be available to a prospective consumer unless he provides, to the satisfaction and approval of the Company, his own Transformer, Circuit Breakers and other necessary equipment as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively pays to the Company for all apparatus and equipment if so provided and installed by the Company. The recovery of the cost of service connection shall be regulated by the Eligibility Criteria laid down by the Authority read with Consumer Service Manual (CSM).
5. All B-3 Industrial Consumers shall be billed on the basis of T.O.U tariff given in the Schedule of Tariff.

**B-4 SUPPLY AT 66 kV, 132 kV AND ABOVE**

This tariff is applicable for supply to Industries for all loads of more than 5MW receiving supply at 66 kV, 132 kV and above and also for Industries having load of 5MW or below who opt to receive supply at 66 kV or 132 kV and above.



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2. If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.
3. If the Grid Station required for provision of supply falls within the purview of the dedicated system under the Eligibility Criteria laid down by the Authority read with CSM, the supply under this Tariff shall not be available to such a prospective consumer unless he provides, to the satisfaction and approval of the Company, an independent grid station of his own including Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively, pays to the Company for all such Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus if so provided and installed by the Company. The recovery of cost of service connection shall be regulated by Eligibility Criteria laid down by the Authority read with CSM.
4. All B-4 Industrial Consumers shall be billed on the basis of two-part T.O.U tariff.

#### **C BULK SUPPLY**

“Bulk Supply” for the purpose of this Tariff, means the supply given at one point for self-consumption to mix-load consumer not selling to any other consumer such as residential, commercial, tube-well and others.

#### **General Conditions**

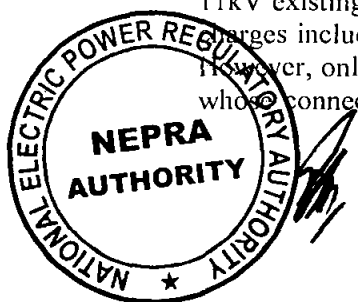
If, for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days no notice will be taken of this acceleration or retardation. But if the date is accelerated or retarded by more than 4 days the fixed charges shall be assessed on proportionate basis for actual number of days between the date of old reading and the new reading.

#### **C-I SUPPLY AT 400/230 VOLTS**

1. This Tariff is applicable to a consumer having a metering arrangement at 400 volts, having sanctioned load of up to and including 500 kW.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. C-I(a) tariff.
3. All new consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangement and shall be billed on the basis of Time-of-Use (T.O.U) tariff C-I(c) given in the Schedule of Tariff.
4. All the existing consumers governed by this tariff having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements.

#### **C-2 SUPPLY AT 11 kV AND 33 kV**

1. This tariff is applicable to consumers receiving supply at 11 kV or 33 kV at one-point metering arrangement and having sanctioned load of more than 500 kW up to and including 5 MW.
2. The consumers may be allowed extension of load beyond 5MW upto 7.5MW from the DISCO's owned grid station subject to availability of load in the grid and capacity in the 11kV existing dedicated feeder. In such a case the consumer will bear 100% grid sharing charges including transmission line charges and 100% cost of land proportionate to load. However, only such consumers be allowed extension of load beyond 5MW upto 7.5MW whose connection is at least three (3) years old. While allowing extension in load, the



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DISCOs shall ensure that no additional line losses are incurred and additional loss, if any, shall be borne by the respective consumers.

3. The supply under this Tariff shall not be available to a prospective consumer unless he provides, to the satisfaction and approval of the Company, his own Transformer, Circuit Breakers and other necessary equipment as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively pays to the Company for all apparatus and equipment if so provided and installed by the Company. The recovery of the cost of service connection shall be regulated by the Eligibility Criteria laid down by the Authority read with CSM.
4. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff C-2(b) as set out in the Schedule of Tariff.
5. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to C-2(b).

### **C-3 SUPPLY AT 66 kV AND ABOVE**

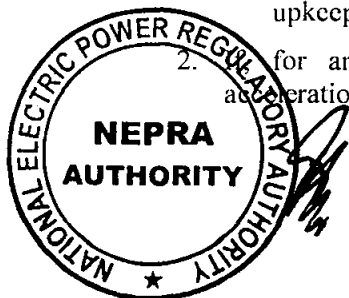
1. This tariff is applicable to consumers having sanctioned load of more than 5000 kW receiving supply at 66 kV and above.
2. If the Grid Station required for provision of supply falls within the purview of the dedicated system under the Eligibility Criteria laid down by the Authority read with CSM, the supply under this Tariff shall not be available to such a prospective consumer unless he provides, to the satisfaction and approval of the Company, an independent grid station of his own including Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus as part of the dedicated distribution system for receiving and controlling the supply, or, alternatively, pays to the Company for all such Land, Building, Transformers, Circuit Breakers and other necessary equipment and apparatus if so provided and installed by the Company. The recovery of cost of service connection shall be regulated by Eligibility Criteria laid down by the Authority read with CSM.
3. Existing consumers governed by this tariff shall be provided with T.O.U metering arrangement and converted to C-3(b).
4. All new consumers shall be provided TOU metering arrangement and shall be billed on the basis of tariff C-3(b) as set out in the Schedule of Tariff.

### **D AGRICULTURAL SUPPLY**

“Agricultural Supply” means the supply for Lift Irrigation Pumps and/or pumps installed on Tube-wells intended solely for irrigation or reclamation of agricultural land or forests, and include supply for lighting of the tube-well chamber.

#### **Special Conditions of Supply**

1. This tariff shall apply to:
  - i) Reclamation and Drainage Operation under Salinity Control and Reclamation Projects (SCARP);
  - ii) Bona fide forests, agricultural tube-wells and lift irrigation pumps for the irrigation of agricultural land.
  - iii) Tube-wells meant for aqua-culture.
  - iv) Tube-wells installed in a dairy farm meant for cultivating crops as fodder and for upkeep of cattle.
2. for any reason, the meter reading date of a consumer is altered and the acceleration/retardation in the date is up to 4 days, no notice shall be taken of this



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acceleration or retardation. But if the date is accelerated or retarded by more than 4 days, the fixed charges shall be assessed on proportionate basis for the actual number of days between the date of the old reading and the new reading.

3. The lamps and fans consumption in the residential quarters, if any, attached to the tube-wells shall be charged entirely under Tariff A-1 for which separate metering arrangements should be installed.
4. The supply under this Tariff shall not be available to consumer using pumps for the irrigation of parks, meadows, gardens, orchards, attached to and forming part of the residential, commercial or industrial premises in which case the corresponding Tariff A-1, A-2 or Industrial Tariff B-1, B-2 shall be respectively applicable.

#### **D-1**

1. This tariff is applicable to all Reclamation and Drainage Operation pumping under SCARP related installation.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. D-1(a) tariff given in the Schedule of Tariff.
3. All new consumers having sanctioned load 5 kW and above shall be provided TOU metering arrangement and shall be charged on the basis of Time-of- Use (T.O.U) tariff D-1(b) given in the Schedule of Tariff.
4. All the existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements and shall be governed by D-1(a) till that time.

#### **D-2**

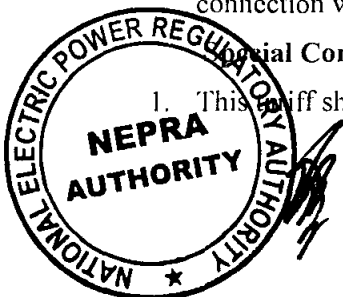
1. This tariff is applicable to consumers falling under Agriculture Supply excluding SCARP related installations.
2. Consumers having sanctioned load less than 5 kW shall be billed on single-part kWh rate i.e. D-2(a) tariff given in the Schedule of Tariff.
3. All new consumers having sanctioned load 5 kW and above shall be provided TOU metering arrangement and shall be charged on the basis of Time-of- Use (T.O.U) tariff D- 2(b) given in the Schedule of Tariff.
4. All the existing consumers having sanctioned load 5 kW and above shall be provided T.O.U metering arrangements and shall be governed by D-2(a) till that time.

#### **E -1 TEMPORARY RESIDENTIAL/COMMERCIAL SUPPLY**

Temporary Residential/Commercial Supply means a supply given to persons temporarily on special occasions such as ceremonial, religious gatherings, festivals, fairs, exhibitions, political gathering, marriages and other civil or military functions. This also includes supply to touring cinemas and persons engaged in construction of house/buildings/plazas of single phase loads. A temporary electric power supply connection for the construction shall be provided by Distribution company initially for a period of six months which is further extendable on three month basis up to completion of the specific job/project for which the temporary connection was obtained. However, there is no minimum time period for provision of temporary connection. The temporary connection for illumination, lighting, weddings, festivals, functions, exhibitions, political gatherings or national and religious ceremonies, civil or military functions etc., testing of industrial equipment or any other emergent requirement of temporary nature, can be provided for specific time period not exceeding two weeks. The sanctioning officer shall ensure that the temporary connection will be utilized for temporary purpose only.

##### **Special Conditions of Supply**

1. This tariff shall apply to Residential and Commercial consumers for temporary supply.



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2. Ordinarily the supply under this Tariff shall not be given by the Company without first obtaining security equal to the anticipated supply charges and other miscellaneous charges for the period of temporary supply.

#### **E-2 TEMPORARY INDUSTRIAL SUPPLY**

“Temporary Industrial Supply” means the supply given to an Industry for the bonafide purposes mentioned under the respective definitions of “Industrial Supply”, during the construction phase prior to the commercial operation of the Industrial concern.

#### **SPECIAL CONDITIONS OF SUPPLY**

1. Ordinarily the supply under this Tariff shall not be given by the Company without first obtaining security equal to the anticipated supply charges and other miscellaneous charges for the period of temporary supply.
2. Normally, temporary connections shall be allowed for a period of 3 months, which may be extended on three months basis subject to clearance of outstanding dues.

#### **F SEASONAL INDUSTRIAL SUPPLY**

“Seasonal Industry” for the purpose of application of this Tariff, means an industry which works only for part of the year to meet demand for goods or services arising during a particular season of the year. However, any seasonal industry running in combination with one or more seasonal industries, against one connection, in a manner that the former works in one season while the latter works in the other season (thus running throughout the year) will not be classified as a seasonal industry for the purpose of the application of this Tariff.

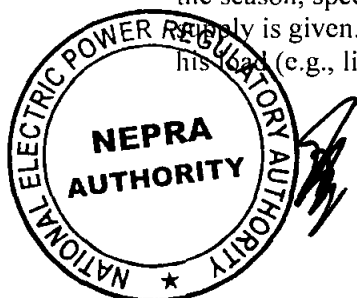
#### **Definitions**

“Year” means any period comprising twelve consecutive months.

1. All “Definitions” and “Special Conditions of Supply” as laid down under the corresponding Industrial Tariffs shall also form part of this Tariff so far as they may be relevant.

#### **Special Conditions of Supply**

1. This tariff is applicable to seasonal industry.
2. Fixed Charges per kilowatt per month under this tariff shall be levied at the rate of 125% of the corresponding regular Industrial Supply Tariff Rates and shall be recovered only for the period that the seasonal industry actually runs subject to minimum period of six consecutive months during any twelve consecutive months. The condition for recovery of Fixed Charges for a minimum period of six months shall not, however, apply to the seasonal industries, which are connected to the Company’s Supply System for the first time during the course of a season.
3. The consumers falling within the purview of this Tariff shall have the option to change over to the corresponding industrial Supply Tariff, provided they undertake to abide by all the conditions and restrictions, which may, from time to time, be prescribed as an integral part of those Tariffs. The consumers under this Tariff will have the option to convert to Regular Tariff and vice versa. This option can be exercised at the time of obtaining a new connection or at the beginning of the season. Once exercised, the option will remain in force for at least one year.
4. All seasonal loads shall be disconnected from the Company’s Supply System at the end of the season, specified by the consumer at the time of getting connection, for which the security is given. In case, however, a consumer requires running the non-seasonal part of his load (e.g., lights, fans, tube-wells, etc.) throughout the year, he shall have to bring out



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separate circuits for such load so as to enable installation of separate meters for each type of load and charging the same at the relevant Tariff.

5. Where a "Seasonal Supply" consumer does not come forward to have his seasonal industry re-connected with the Company's Supply System in any ensuing season, the service line and equipment belonging to the Company and installed at his premises shall be removed after expiry of 60 days of the date of commencement of season previously specified by the consumer at the time of his obtaining new connection/re-connection. However, at least ten clear days notice in writing under registered post shall be necessary to be given to the consumer before removal of service line and equipment from his premises as aforesaid, to enable him to decide about the retention of connection or otherwise. No Supply Charges shall be recovered from a disconnected seasonal consumer for any season during which he does not come forward to have his seasonal industry re-connected with the Company's Supply System.

## **G PUBLIC LIGHTING SUPPLY**

"Public Lighting Supply" means the supply for the purpose of illuminating public lamps. The supply under this tariff shall also be applicable for lamps used in public playgrounds and public parks.

### **Definitions**

"Month" means a calendar month or a part thereof in excess of 15 days.

### **Special Conditions of Supply**

The supply under this Tariff shall be used exclusively for public lighting installed on roads or premises used by General Public.

## **H RESIDENTIAL COLONIES ATTACHED TO INDUSTRIES**

This tariff is applicable for one-point supply to residential colonies attached to the industrial supply consumers having their own distribution facilities.

### **Definitions**

"One Point Supply" for the purpose of this Tariff, means the supply given by one point to Industrial Supply Consumers for general and domestic consumption in the residential colonies attached to their factory premises for a load of 5 Kilowatts and above. The purpose is further distribution to various persons residing in the attached residential colonies and also for perimeter lighting in the attached residential colonies.

"General and Domestic Consumption", for the purpose of this Tariff, means consumption for lamps, fans, domestic applications, including heated, cookers, radiators, air-conditioners, refrigerators and domestic tube-wells.

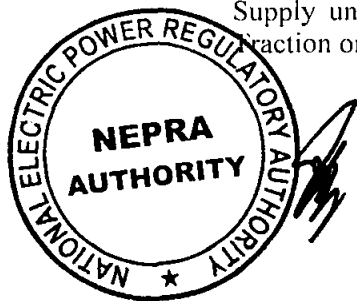
"Residential Colony" attached to the Industrial Supply Consumer, means a group of houses annexed with the factory premises constructed solely for residential purpose of the bonafide employees of the factory, the establishment or the factory owners or partners, etc.

### **Special Conditions of Supply**

The supply under this Tariff shall not be available to persons who meet a part of their requirements from a separate source of supply at their premises.

## **TARCTION**

Supply under this tariff means supply of power in bulk to Railways for Railway Traction only.



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